



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

Daily Report

Supplement

China

FBIS-CHI-90-C 18-S
Friday
26 January 1990

China SUPPLEMENT

FBIS-CHI-90-018-S

CONTENTS

26 January 1990

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Envoy Says U.S. Plans No Panama Treaty Revision [XINHUA] 1

United States & Canada

U.S. Congressional Action Against State Cited [Beijing Radio] 1
U.S. Reaction to End of Martial Law Reported [Beijing International] 1
Feature Examines Martin Luther King's 'Dream' [XINHUA] 2

Soviet Union

People's Deputies Congress Convenes [LIAOWANG OVERSEAS EDITION 8 Jan] 3

Northeast Asia

Analysis Considers Kaifu European Tour [XINHUA] 5

East Europe

GDR Premier Modrow Calls for Social Order [XINHUA] 6
Bulgarian Resolution Ends Communist Leading Role [XINHUA] 6
Albanian Leader Denies Chaos in Country [XINHUA] 6
Communist Party in Romania Declared 'Illegal' [XINHUA] 6

Latin America & Caribbean

Panama Government Approves Constitutional Rule [XINHUA] 7

NATIONAL AFFAIRS

Political & Social

Further on CPC Plans for Multiparty Cooperation [Hong Kong HSIN WAN PAO 13 Jan] 8
Beijing Meeting Discusses Mass Organization Role [XINHUA] 8
Pension System Developed for Non-State Employees [XINHUA] 9
Zou Jiahua Commends Beijing Railway Station [XINHUA] 9
Literary Organs Publish Zhou Enlai Biography [XINHUA] 9
Paper Carries Preface to Book on Yanan Spirit [RENMIN RIBAO 2 Jan] 10
Article Examines Nation's Poverty [RENMIN RIBAO 5 Jan] 12
Article Lauds Party Work in Tianjin [RENMIN RIBAO 4 Dec] 18
Commentator's Article [RENMIN RIBAO 4 Dec] 21
RENMIN RIBAO Answers Reader's Criticism [31 Dec] 22
Article Views Global 'Multipolarization' [LIAOWANG 15 Jan] 23
Report Views Errors in 'River Elegy' [RENMIN RIBAO 19 Dec] 25
Commentator's Article Urges Learning From Miners [XINHUA] 32

Military

| | |
|--|----|
| Yang Baibing Views Army Political Work [JIEFANGJUN BAO 19 Dec] | 32 |
| Chi Haotian Meets Armymen in Lei Feng Campaign [Beijing TV] | 34 |
| People's Liberation Army Practices Austerity [Beijing Radio] | 35 |
| New Technology, Training Improves PLA Response [XINHUA] | 35 |
| Army Trains Cadres Responsible for Cultural Work [RENMIN RIBAO 13 Jan] | 35 |
| Hard-Bone 6th Company Cited For Merit [XINHUA] | 35 |
| Weapons Industry Reports Research, Production [Beijing TV] | 36 |
| Honorary Title Conferred on Missile Battalion [RENMIN RIBAO 13 Jan] | 36 |
| Marshals Greet Huangpu Academy Alumni [XINHUA] | 37 |
| Transfer, Placement of Demobilized Cadres Viewed [RENMIN RIBAO 9 Jan] | 37 |
| Air and Ground Test Flights of Model Planes [JIEFANGJUN BAO 7 Dec] | 37 |
| Flight Training To Stress Mao Military Theories [XINHUA] | 38 |
| Air Force Units Support Local Construction [XINHUA] | 38 |
| Report Profiles Southern Navy, Air Force Units [ZHONGGUO XINWEN SHE] | 39 |
| Navy Holds Forum on Ideological, Political Work [JIEFANGJUN BAO 30 Nov] | 40 |
| Naval Scientific Research Wins Many Awards [XINHUA] | 41 |
| Sea Fleet Conducts Education in 'Outlook on Sea' [JIEFANGJUN BAO 16 Dec] | 41 |
| Navy Aids Construction of Coastal Projects [XINHUA] | 41 |
| Network Assists Research, Defense Experiments [Beijing TV] | 42 |
| Defense Technology Firms Urged To Expand [CHINA DAILY 24 Jan] | 42 |
| Ministry Hails Shandong Conscription Work [XINHUA] | 43 |
| National Defense Education Stressed [XINHUA] | 43 |
| Series Views National Defense University | 44 |
| Part One [WEN WEI PO 10 Jan] | 44 |
| Part Two [WEN WEI PO 11 Jan] | 44 |
| Part Three [WEN WEI PO 12 Jan] | 45 |

Economic & Agricultural

| | |
|---|----|
| Regional Economic Associations Continue Growth [XINHUA] | 45 |
| Quantitative, Technical Research Aids Reform [XINHUA] | 46 |
| Foreign Economic Relations Dictionary Published [XINHUA] | 47 |
| Difficulties in Screening Foreign Trade Companies [Hong Kong CHING CHI TAO PAO 15 Jan] | 47 |
| Conference Ends on Capital Construction Auditing [XINHUA] | 47 |
| Article Discusses Role of Enterprise Reform [RENMIN RIBAO 7 Jan] | 48 |
| Article Views High Tech Defense Industry [RENMIN RIBAO OVERSEAS EDITION 29 Dec] | 51 |
| Enterprise Groups Improve Structure [JINGJI GUANLI No 11] | 53 |
| CPPCC Forum Views Industrial Efficiency [XINHUA] | 58 |
| State Council Names 45 First-Rate Enterprises [XINHUA] | 58 |
| RENMIN RIBAO Views Industrial Development [14 Jan] | 59 |
| CAAC To Buy 19 Jumbo Jets, Improve Service [CHINA DAILY 16 Jan] | 62 |
| Survey Shows Good, Poor Quality of Goods [XINHUA] | 63 |
| National Metallurgical Industry Conference Held | 63 |
| Future Plans [XINHUA] | 63 |
| Continue Contracts [XINHUA] | 63 |
| He Guangyuan Views Machinery Production [RENMIN RIBAO 5 Jan] | 64 |
| Geological Workers To Help Solve Shortages [CHINA DAILY 12 Jan] | 65 |
| Article Considers Textile Industry Development [JINGJI GUANLI No 12] | 65 |
| RENMIN RIBAO Article Views Energy Industry [24 Dec] | 69 |
| Report Considers Nuclear Development in 1990's [RENMIN RIBAO OVERSEAS EDITION 10 Jan] | 73 |
| Commentary Stresses Grain Production [NONGMIN RIBAO 10 Jan] | 74 |
| State Commission To Take Charge of Rural Reform [Hong Kong CHING CHI TAO PAO 15 Jan] | 75 |
| Qinghai, Tibet To Jointly Develop Garmu Area [Lhasa Radio] | 75 |
| Farmers Urged To Grow More Cotton [CHINA DAILY 16 Jan] | 75 |
| National Livestock Meeting Ends in Changchun [Changchun Radio] | 76 |

General

Envoy Says U.S. Plans No Panama Treaty Revision

OW1401031990 Beijing XINHUA in English
0123 GMT 14 Jan 90

[Text] Panama City, January 13 (XINHUA)—The U.S. Government has no intention of revising the Torrijos-Carter treaties on the Panama Canal and will fulfill the charter in the next 10 years, new U.S. Ambassador to Panama Deane R. Hinton said today.

At his first press conference held after his arrival in Panama, Hinton said that to date, the United States has returned to Panama 70 million dollars' worth of Panamanian funds frozen under economic sanctions imposed against the Noriega regime, and that 250 million dollars more has yet to be turned over to Panama's new civilian authorities.

Hinton said that following a series of visits by U.S. delegations to Panama, some economic experts have remained to continue studying, together with Panamanian bodies, specific programs on economic aid to help the country's reconstruction.

The diplomat said that the U.S. Government respected Panama's confidential banking system, but that it also hoped it could count on Panama's collaboration with banking officials in the battle against money laundering from drug trafficking.

He reiterated that the United States supports the Panamanian Government in organizing and consolidating a new public force to maintain public order and battle crime and defend human rights within the legal limits and in obedience to the civilian constitutional authorities.

Hinton, who was named ambassador to Panama on January 2 in replacement of Arthur Davies, is a career ambassador in the U.S. Foreign Service.

Prior to being appointed to Panama, Hinton was Ambassador to Zaire, the European Economic Community, El Salvador, Pakistan and Costa Rica.

United States & Canada

U.S. Congressional Action Against State Cited

OW2501023990 Beijing in Mandarin to Taiwan
0400 GMT 24 Jan 90

[From the "News" program]

[Text] A reporter of this station reports from Brussels: The 23 January European edition of the American newspaper INTERNATIONAL HERALD TRIBUNE prominently carries on its Opinion page an article by A. Doak Barnett, an honorary professor of John Hopkins University and expert on China. The article points out: If the U.S. Congress continues to bring pressure to bear on China by taking sanctions against it, the result will

only be the further deterioration of Sino-U.S. relations. This will force China to take countermeasures.

The article says: China is a very important country and its policy has a tremendous influence on the stability of Asia and even the whole world. China and the United States must hold a highest-level dialogue to settle major issues.

The article holds: China's current economic policy is only of partial or temporary retrenchment and its policy in economic reform has not basically changed. When this writer visited Beijing last September, many facts left a deep impression on him. Chinese reformers were not (?purged) or intimidated.

The article says: What is encouraging is that the Chinese Ministry of Public Security recently announced the release of 573 detainees.

The article says: Some Americans believe that continuously exerting strong pressure on China will work. But this writer is strongly opposed to it.

He points out: The attitude of U.S. Congress toward China should not be a careless one. It should not adopt any sanctions against China or a Chinese immigration bill.

U.S. Reaction to End of Martial Law Reported

OW1101095590 Beijing International Service
in English 0300 GMT 11 Jan 90

[Radio Beijing correspondent (Chen Delong's) report on the U.S. comment on China's lifting martial law]

[Text] At a White House news briefing on Wednesday, Roman Popadiuk said China's lifting of martial law is another in a series of positive steps that have been taken over the past 3 weeks.

Answering a question on what the positive steps were, the spokesman said these include the readmission of a VOA reporter, the discussion of the renewal of Fulbright exchanges, China's announcement of not selling medium-range missiles to the Middle East, and reducing the critical commentary about the United States in the domestic media.

As for the World Bank's loans to China, Popadiuk said the U.S. Government will be consulting with the World Bank members with a view to maintaining the President's policy in international financial institutions. He said the President has made it clear that he doesn't want to hurt the Chinese people. The United States, therefore, will take a close look at loans that meet basic needs, and will consider them on a case-by-case basis.

The White House spokesman said the U.S. Government considers China's lifting of martial law as an indication of relaxation of measures that China has taken, and hopes that there will be further relaxation.

Feature Examines Martin Luther King's 'Dream'*OW1601021190 Beijing XINHUA in English
0056 GMT 16 Jan 90*

["Feature: Martin Luther King's Dream Yet to Be Fulfilled (by Lu Wenyue)"]—XINHUA headline]

[Text] Washington, January 15 (XINHUA)—The Rev. Martin Luther King's birthday has been celebrated throughout the United States as the slain man's noble dream of equal rights for all men of all colors has yet to materialize fully.

For the first time since it became the 10th national holiday in 1986, Martin Luther King Day falls this year on King's actual birthday, January 15.

To honor Dr. King, churches and state capitals around the nation rang bells at 12:30 p.m. today. A spectacular parade, attended by tens of thousands of local residents, was organized this afternoon in Atlanta, Georgia, the birthplace of the late King.

It would have been the 1964 Nobel Peace Prize's 61st birthday. King, the son of an Atlanta Baptist minister, led nonviolent marches in the south in the 1950s and 1960s in a quest to end racial discrimination. He was assassinated by James Earl Ray in Memphis, Tennessee, on April 4, 1968.

In late 1984, after a long heated debate, a decree approved by the Congress and signed by President Ronald Reagan ruled that to honor the civil rights leader, the third Monday in January will be a national holiday as of 1986.

In this country, only the birthdays of George Washington, the first President, and Martin Luther King Jr. have joined the other 8 days as national holidays. The other eight holidays are New Year's Day, Easter Sunday, Memorial Day, Independence Day, Labor Day, Columbus Day, Thanksgiving Day, and Christmas Day.

Many churches around the nation yesterday held special services in memory of the late great dreamer and nonviolence fighter.

In Atlanta, King's widow Coretta Scott King delivered her annual "State of the Dream" address at Ebenezer Baptist Church, where her husband was pastor, before about 1,000 people, including black civil rights leaders Jesse Jackson and the Rev. Joseph Lowery.

She urged President George Bush to help unify America by ending the arms race and working for programs to provide jobs and educational opportunities for all Americans.

In Yonkers, Georgia, [as received] King's eldest son, Martin Luther King III, said at a commemorative gathering that it was a "shame and disgrace" that the city was still battling low-income housing 22 years after the Congress passed the Fair Housing Act.

"If he were here," the 32-year-old Martin, a county commissioner of Fulton County, Ga., said of his father, "I think he would be embarrassed."

However, USA TODAY reported that although the economic disparity between southern whites and blacks remains wide, "the gap is closing."

In New York City, newly-elected black Mayor David Dinkins, said at a service: "Dr. King dreamed of an inclusive society, where people would be judged by their good will and their good deeds. That is my dream for our city."

"Dr. King took us to the dawn of a new era," he said. "It is up to us to push on into the bright light of day."

In Los Angeles on Saturday, hundreds of volunteers, including Mayor Tom Bradley (black), planted nearly 400 Canary Island pine trees along a 7-mile stretch of Martin Luther King Boulevard.

At the National Shrine of the Immaculate Conception here in the nation's capital, the Rev. Hartford Brookins told his audience that the dream of the Rev. Martin Luther King Jr. is "alive, well, and happy," but still not complete.

King, in his well-known address at the Lincoln Memorial here on August 28, 1963, said he had a dream that blacks "will not be judged by the color of their skin but by the content of their character."

Brookins cited the recent election of Douglas Wilder (Democrat) as the nation's first black governor, who "moved up from slaveship to governorship," as the kind of progress that King envisioned.

In addition, the Rev. Brookins said some black individuals also have advanced in keeping with King's hopes. "Some of those same people, whose parents sat in the back of the bus, have moved so far that now they are beginning to buy the bus company."

Despite such achievements, Brookins said, King's dream is far from finished. "Things are in terrible shape," he said, because poverty, homelessness, and bigotry continue to plague African Americans, whose population has increased to over 30 million now.

The Rev. Brookins challenged listeners to assume responsibility for themselves and for their children in the fight against drugs. "We cannot rest on the laurels of Martin Luther King to solve the (black) problems in southeast Washington or in the other cities of this country."

Washington, D.C., the notorious "capital of murder," witnessed 433 people murdered last year, 63 more than the record 1988. The majority of the victims are reportedly blacks who were related to either drug trafficking or drug use.

Soviet Union

People's Deputies Congress Convenes

HK1001115190 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 2, 8 Jan 90

["Special dispatch" from Moscow by Tang Xiuzhe (0781 0208 0772): "A Factual Report on the Second Congress of People's Deputies of the Soviet Union"]

[Text] Four hundred and sixty-one spoke out of the more than 2,100 deputies that attended the second Congress of People's Deputies convened in Moscow between 12 and 24 December 1989. The congress was convened against a background of severe political and economic situations within the Soviet Union, and attracted general concern at home and abroad.

The Struggle Revolving Around Whether Article Six of the Constitution Should Be Discarded

For a while Soviet newspapers expressed doubts about the necessity of Article Six of the Soviet Constitution. Article Six states: "The CPSU is the leading and guiding force of the Soviet society, and the core of the Soviet social institutions, the state, and social organizations..." On 13 November the USSR Supreme Soviet debated fiercely whether the issue of abrogating Article Six of the Constitution should be put on the agenda of the Second Congress of People's Deputies. Of the 401 Supreme Soviet deputies that attended the meeting, 198 favored, while 173 opposed including the issue on the agenda, and 28 abstained. As the favoring votes was three votes less than half the number of attendants, the motion was overruled.

One day before the convocation of the Congress of People's Deputies, a preparatory session was convened and presided over by Chairman Gorbachev. The session spent a total of 9 hours discussing the problem of an agenda for the congress and trying to achieve unity of thinking. On 12 December, a dispute flared up again on the issue of Article Six after the Congress of People's Deputies had spent a whole day debating over items of discussion. Some deputies believed that the political situation at the time was tense, that this was not the suitable time to bring up the issue, and that an entirely new constitution should be drafted in the future. Still, many deputies insisted on including the issue on the agenda. The dispute was so intense that the report on strengthening the economy and concepts for the 13th 5-year plan by the chairman of the USSR Council of Ministers, Ryzhkov, scheduled that day, had to be postponed for one day, and there was not enough time for even the first discussion item, the report by the Credential Committee. Finally, the motion of including the discussion of Article Six of the Constitution on the agenda was put to the vote by the Congress of People's Deputies, and was overruled with 1,138 negative against 839 positive votes; 56 abstained from voting.

The Central Topic of Discussion At the Congress Was Economic Problems

The central topic of discussion at the congress revolved around economic problems. The congress had issued to the deputies, before the session, the government's written report on "The Principles for the Measures of Economic Improvement, the Stages of Economic Reform and the Formulation of the 13th 5-Year Plan." On the second day the chairman of the USSR Council of Ministers, Ryzhkov, read to the congress the report "The Path for Economic Improvement Lies in Efficiency, Unity and Reform" and explained the report issued earlier to the deputies.

The congress spent 2 days discussing the former report and 1 day in special-topic discussions separated in three large groups. A total of 50 deputies spoke at the meeting, and 112 gave their opinions at the group discussions.

The government's economic program had specified that economic reform was to be conducted in two stages. The first stage was to last from now to the end of 1992. The major tasks in this period were to eliminate the budget deficit and resume consumer market equilibrium. The central idea for the second stage—from 1993 to 1995—was to foster equal competition between different forms of ownership and to develop market relationships. Ryzhkov stressed in his report that the government, in running the economy, could neither "retreat" and revive the highly centralized way or rely on administrative orders, nor could it plunge the economy headlong into market economy. The government would combine a range of non-economic mechanistic "mandatory moves" with the expansion of the decisionmaking powers of localities and enterprises, so that the goal of pushing economic reform at a steady pace could be fulfilled. He explicitly announced that land privatization would not be included in the private ownership system, nor would the state ownership system be denationalized on a large scale. Money reform was impossible at the present time, and the government did not intend to launch a comprehensive ration system. He suggested a nationwide discussion in 1990 about retail price reform, and a phased integrated price reform in 1991-93. The Soviet Government was planning to institute citizen's progressive income tax in 1990. Regarding the principles for the 13th 5-year plan, Ryzhkov said the Soviet Government's guiding thinking was to focus on increasing social welfare.

Ryzhkov's economic report drew different reactions. Most deputies expressed support, favoring, in view of the practical situation, the adoption of a steady-pace policy, and for fear that, should everything in the past be taken down at once, there would only be confusion, which would further complicate the economy. But some radical deputies required the congress to veto the plan and proceed to immediately discuss and adopt fundamental laws on economic reform, such as the ownership law and land law, in order to switch as quickly as possible to a market economy. One of the chairmen of the Cross-district Member [yi yuan 6231 0765] Group, Yeltsin, proposed a radical reorganization of the State

Planning Committee, the abolition of various special commissions, launching of price reform, setting up labor market and exchanges, giving decisionmaking powers to various republics and autonomous units, conducting money and price reforms and the adoption of the "anti-monopoly law."

Against the dissenting opinion at the congress, Ryzhkov stated explicitly that he assumed full responsibility for the plan. He also said to SOVETSKAYA ROSSIYA's reporters that he would resign if the government report was not adopted by the Congress of the People's Deputies. Deputy chairman of the USSR Council of Ministers, Abalkin, who was responsible for economic work, had also revealed to reporters that the government members were prepared for mass resignations. On 16 December the congress finally adopted the government economic report. Ryzhkov stated to Soviet reporters that, since the plan had been adopted, the next step would be to formulate concrete measures to implement the plan. He considered that there had to be a corresponding political environment if the plan was to be fulfilled. The plan would be disrupted if the situation was unstable, relationships between nationalities tense, or if strikes and blockades occurred. He stated that, to put the economy back on a correct path, he needed two or three flexible years during which the capital construction quarters in the national economy would be frozen.

The Complicated and Entangling Ethnic Contradictions

None of the nine discussion items taken on by the congress dealt specifically with the ethnic issues. But the acute ethnic issues beset almost each day of the 12-day session.

Shortly after the congress was opened the opinion of Azerbaijan deputies clashed with that of Armenian deputies. Azerbaijan deputies accused Armenia of trying to amalgamate Nagorno-Karabakh Autonomous Prefecture [zhou 1558], and Armenian deputies blamed Azerbaijan for the irreparable damage inflicted by its railroad and highway blockades on Armenia. The congress opted not to discuss these accusations at the meeting and to call a special session to discuss the issues after the congress was concluded.

Again a fierce debate occurred over the "Supervisory Law on the Constitution" and the establishment of a committee to supervise the constitution. The debate focused on the necessity at that time to pass such a law and set up such a committee. The view of those who opposed such a move was: Since the existing Constitution was drafted in 1977 when Brezhnev was in power, many of its articles were outdated and, as a result, no supervision over the Constitution was in place before a new one was drafted. Those supporting the move stressed that a country with a legal system must observe the law, and that the Constitution was supreme, which every Soviet citizen should abide by.

The deputies of the peoples of the three Baltic Republics expressed very strong opinions at the session. Lithuanian

lawyer Mojieka [5459 2212 0595] read a statement by the Baltic Member Group stating that setting up a committee to supervise the constitution, before there was any reform in the Union's legislative work, was "against reform and reactionary in purpose," and that the "Supervisory Law on the Constitution" would be used to oppose any republic and any laws or decisions passed by a republic. And Latvian judiciary minister Kudela [1655 1795 2139] stressed that the sovereignty of the union republics should be respected, and an observance of the Constitution of the Union could be used to harm the rights of the republics. On the other hand, the deputies of the Russian-speaking peoples insisted on supervision of the existing constitution. Yaluowoyi [0068 5012 3087 0122], deputy for the Russians in Estonia, accused the series of laws passed by the Estonian Republic of violating the USSR Constitution and discriminating against non-Estonian peoples, and urged strengthening supervision over the Constitution. Another deputy of Estonian Russian people called agitatedly for the protection of the rights of "minority peoples" in the Estonian Republic and preventing the 2.5 million who were not ethnic peoples in the Baltic region from becoming "second-class citizens."

The congress passed the "Supervisory Law on the Constitution" only after the draft underwent drastic revision, and chairman and vice-chairman of the Supervisory Committee on the Constitution were elected. The remaining 25 committee members will be elected at the next session of the USSR Supreme Soviet.

On 23 December the congress listened to a report by Politburo member Yakovlev, concurrently a secretary of the CPSU Secretariat, on the political and legal evaluation of the 1939 Soviet-German Non-aggression Pact. On 24 December it listened to a report on the investigation into the bloody incident in Tbilisi on 9 April 1989. Both reports touched on sensitive ethnic issues and so drew different evaluations. At the request of the congress revisions had been made on the former report, and a decision on it was not reached until the 24th. As for the latter report it was decided that the congress would commission a committee to prepare for the press a report on the results of the investigation. The decision to allow live television and radio coverage of the discussion on the report at the session had been withdrawn.

To alleviate ethnic contradictions and stabilize the economy, the congress adopted on 24 December a resolution forbidding highway or railway blockades of any kind.

The Statement by the Cross-District Member Group Came Under Criticism

A statement was read at the congress by historian Afanasiye [7093 3127 4780 6007 5102] on behalf of the Cross-District Member Group stating that the group had principled divergence with the majority of the people's deputies over a range of fundamental issues. He publicly opposed a "political monopoly" by the CPSU and its

"direct intervention" in various state, economic and social areas, the government's economic program, and the "obedience of the republics to strong and powerful central authorities." He also made known the stand of the member group, which contrasted with that of the majority of the deputies.

Women deputies, deputies of Communist Party members and the army reacted strongly and swiftly against the statement. Gorbachev also opposed it. He said at the congress that the Cross-District Member Group were "trying to sow dissension at the congress and stage an internal coup using democratic means."

SOVETSKAYA ROSSIYA also published articles criticizing the words and actions of the Cross-District Member Group. A statement by some deputies at the congress denied that they had ever signed the statement by the Cross-District Member Group.

Discipline Was Stressed and Unity Urged

At the Second Congress of People's Deputies, the deputies of Russian people, the Army, the party and unions repeatedly called for resolute struggle against ethnic tendencies, separatism, anarchism and the words and actions opposing the Communist Party and socialism. Many ordinary citizens telephoned and wrote to newspapers' editorial departments expressing their anxiety over the unstable situation in the country.

The congress passed a resolution to issue a letter to USSR citizens pointing out that ethnic conflicts had made people "uneasy and caused pain," and had pushed the Soviet society to a "dangerous point." They should be stopped at once. The letter called on the people to work actively to realize the reform goals.

The congress also made a political evaluation on the sending of troops into Afghanistan in 1979, pointing out that the decision to send troops in Afghanistan should receive "moral and political condemnation."

Northeast Asia

Analysis Considers Kaifu European Tour

OW1001044690 Beijing XINHUA in English
0119 GMT 10 Jan 90

["News Analysis: Kaifu's European Tour Aims To Launch All-Europe Diplomacy (by Yang Yuanhua)"]—XINHUA headline]

[Text] Brussels, January 9 (XINHUA)—Japan's efforts to strengthen EC-Japan relations and play a more important role in the evolution of Eastern Europe are expected to dominate the meetings between Japanese Prime Minister Toshiki Kaifu and European leaders.

The Japanese prime minister started a 10-day European tour in Bonn Monday, which will also take him to

Belgium, France, Britain, Italy, Poland and Hungary before returning to Tokyo on January 18.

His visit to Europe, the first since he took office last year, came at a time when the world situation is characterized by the easing of tensions, declining strength of the two superpowers, surge of the Third World, Western Europe and regional blocs, and great changes in Eastern Europe in particular.

In this context, not only will Kaifu demonstrate his country's increasing role in world affairs, but also he could have chosen no better moment to do so.

Kaifu clearly intends to use his seven-nation European tour to emphasize Japan's determination to participate in the economic reconstruction of East European countries.

In a letter sent to U.S. President George Bush prior to his European tour, the Japanese prime minister pledged support for the reforms in the East European countries and at the same time called for policy coordination between the United States, the EC and Japan.

It was reported that Kaifu would propose the creation of a new framework for EC-Japan relations because a single European market in 1992 is likely to invalidate the agreements (Japan had signed) with individual EC countries. He is also expected to call for ministerial consultations at an early date during which Japan would propose to set up a new forum to continue discussions on this idea.

On the eve of his departure from Tokyo, Kaifu expressed the hope that Japan would assume more important responsibility in the international community. He said: "The strengthening of the Japan-European relations is becoming more important than before," stressing the necessity of enhancing "cooperation and cohesion with all Western countries in a changing period."

In respect to the economy, difficulties facing the East European countries are quite serious. These countries will need considerable help in developing economies which can supply consumer needs, thus providing a basis for stability.

The governments in Europe may find it hard to offer the sums that will be needed. This is where the Japanese can play a role.

Kaifu was scheduled later to fly to West Berlin to deliver a keynote speech outlining Japan's new diplomacy toward Europe and unveiling a billion dollars aid package to Poland and Hungary.

"Japan's efforts to cooperate with East European countries are taken from a global point of view," the officials quoted Kaifu as telling West German Chancellor Helmut Kohl in Bonn.

The wide trade gap between Japan and the EC is expected to be discussed. Until 1970, the trade between

the EC and Japan had been broadly in balance, but during the 1970s the EC deficit swelled and the export and import ratio deteriorated. EC sources predicted that the EC's trade deficit in 1989 would amount to 30 billion dollars in Japan's favor.

If Kaifu's visit succeeds in laying the basis for a constructive Japan-Europe dialogue, it will contribute not only to the developing of relations between Japan and the whole Europe, but also to an ever more important role Japan is playing in world affairs, observers here said.

East Europe

GDR Premier Modrow Calls for Social Order

OW1701025990 Beijing XINHUA in English
0731 GMT 16 Jan 90

[Text] Berlin, January 15 (XINHUA)—Democratic German Premier Hans Modrow today called on the people of Democratic Germany to keep calm and end domestic chaos.

He made the statement at the reopened round-table talks attended by representatives of the country's 16 political and social organizations.

Tens of thousands of Democratic Germans staged a demonstration in front of the former Stasi (national security) headquarters, demanding the quick dissolution of the security police.

Moreover, the state-run ADN News Agency reported short-time strikes in several districts of the country.

Strikes cannot help but bring economic loss, which "would be shared alike in the end," the premier said.

He appealed to all political forces to help the government prevent any violence or possible nation-wide confusion.

In today's round-table talks, Minister of Interior Affairs Lothar Ahrendt reported the occurrence of national security problems following the country's border openings early last November.

He said neo-Nazism is running rampant in the country.

The round-table talks, which began December 7, ended their sixth round of talks on January 8 when some participants, distrusting a government report on the dissolution of Stasi, staged a walk-out.

According to the report, some key organs of Stasi have been abolished and security personnel have been reduced from 85,000 to 60,000, with further dissolution occurring in a step by step fashion. Premier Modrow said the country is still in need of some security forces to keep social order and to deal with neo-Nazism.

Meanwhile, the Democratic German Council of State today announced May 6 as the country's first parliamentary election day this year.

The election day was agreed upon at the first round-table talks and was adopted by the 14th People's Chamber (parliament) last Thursday.

Bulgarian Resolution Ends Communist Leading Role

OW1701003690 Beijing XINHUA in English
0831 GMT 16 Jan 90

[Text] Sofia, January 15 (XINHUA)—The Bulgarian Assembly approved a resolution today removing the constitutional clause of the Communist Party's dominant role in the state.

The decision came amid a recent call by the independent and opposition groups to end the principle of the Communist Party's leading role in the Constitution.

However, most legislators in the parliamentary session opposed a proposed change of the socialist nature and the state name.

Albanian Leader Denies Chaos in Country

OW1701004190 Beijing XINHUA in English
1505 GMT 16 Jan 90

[Text] Tirana, January 16 (XINHUA)—Albanian party and state leader Ramiz Alia denied Monday that his country was in chaos, adding that the domestic situation remains stable.

Visiting the Tirana auto-tractor combine on Monday, the Albanian leader said that improving the supply of commodities and raising living standards are priorities for his government.

The Albanian leader also said his country will firmly follow the socialist road.

Communist Party in Romania Declared 'Illegal'

OW1401085090 Beijing XINHUA in English
1250 GMT 13 Jan 90

[Text] Bucharest, January 13 (XINHUA) Ion Iliescu, chairman of the National Salvation Front, Friday night, declared the Romanian Communist Party illegal and announced a referendum on the death penalty which was removed less than two weeks ago.

The announcements came at the end of a rally involving thousands of people in the capital's Victory Square.

Having tried in vain to bring order out of a complete chaos at the beginning of the rally, the leading members of the National Salvation Front retreated into the building of the Foreign Ministry flanking the square.

They emerged some time later with the two decrees, one outlawing the Communist Party and the other for a referendum on January 28 on whether to re-instate the death penalty.

The rally was televised live by the Romanian TV station.

Latin America & Caribbean

Panama Government Approves Constitutional Rule

OW1101121190 Beijing XINHUA in English
0655 GMT 10 Jan 90

[Text] Panama City, January 9 (XINHUA)—Panama's President Guillermo Endara and vice presidents Ricardo Arias Calderon and Guillermo Ford have approved a "Statute on an Immediate Return to Full Constitutional Order" in Panama.

A statement issued by the press secretary in the Presidency said the document was prepared after "the important events" in the country on December 20.

The signatories said that a few hours before taking over as President and vice presidents-elect—in line with the results of the May 7 elections—they were aware of an "eminent and inevitable" U.S. military action in Panama, "as a direct result of the senseless and criminal provocations of the military dictatorship of Manuel Antonio Noriega."

The new leaders confirmed the takeover December 20 before witnesses Osvaldo Velasquez and Manuel Faundes, president and secretary of the Panamanian Commission on Human Rights, "as authorized" in the national Constitution.

They explained that their decision to accept the executive leadership was inspired, solely and exclusively, by the aim that the "Panamanian people should not lack, at this crucial time, legitimate representatives who would raise their voices and defend the people's interests with valor and patriotism."

Given the facts, approval was given to the statute, the contents of which stress, among other things, that public power will be exercised by the President and vice presidents of the country.

The statute states that the Cabinet Council, in line with the Constitution and the law, will carry out in a provisional nature the functions corresponding to the legislative body regarding legislative and administrative matters.

The Cabinet Council will have the power to appoint magistrates to the Supreme Court as well as the state attorney general and the general comptroller. It will cease to exercise these functions the same day that the Legislative Assembly formally approves the appointments according to the Constitution.

These acts will be carried out as soon as they are proclaimed through a recount showing election by an absolute majority of the members of the Legislative Assembly, the statute says.

Political & Social

Further on CPC Plans for Multiparty Cooperation

HK1301092090 Hong Kong HSIN WAN PAO
in Chinese 13 Jan 90 p 4

[Special Dispatch: "Plan for Multiparty Cooperation in China Has Been Finalized and Will Soon Be Published"]

[Text] Beijing, 13 Jan—Recently, Beijing's informed persons disclosed that the draft "Plan for Multiparty Cooperation" in China had been finalized and would be announced and implemented soon. This indicates a major step by the CPC to promote reform in China's political system, and has aroused general concern among politicians here.

The decision to draft a "Plan for Multiparty Cooperation" was made early last year. At that time, Deng Xiaoping instructed the persons concerned to establish a special team to discuss and decide upon a plan for the democratic parties (currently there are eight democratic parties) to participate in government and discuss the matters of government, and to exercise democratic supervision. The plan must be legalized, institutionalized, and announced and implemented in early 1990.

Unexpectedly, the matter was disrupted by the events taking place in Tiananmen Square during spring and summer, and was suspended. After the overall situation stabilized, the work in drafting the plan was again put on the agenda, and it was decided to meet the deadline proposed by Deng Xiaoping: early 1990. Politicians here think that the timely announcement of the plan will indicate the simultaneous reform in the political system and reform in the economic system in China. It has great significance.

According to our information, the main content of the plan includes: defining the nature of the currently existing democratic parties; deciding upon the principle of cooperation; formulating a method to institutionalize the way of participation in government and discussion of matters of government; and arranging relations between the CPC and various democratic parties.

One of the most important aspects of the work is to determine the nature of democratic parties. In the past, it was usually stated that democratic parties were neither opposition parties, nor parties which were not in office. What are they? The plan, which will be announced soon, answers this question. It is revealed that the CPC is called the ruling party, whereas various democratic parties are "parties which participate in" the state power under the leadership of the CPC.

The plan also includes many new contents on the principle of multiparty cooperation, and relations between the CPC and various democratic parties.

The previous election system of the people's congresses in China was based on regions, and or'v elections in the

army were carried out on the basis of circles (jie bie 3954 0446). In the course of discussing the plan which is to be announced soon, some people proposed that elections be based on circles. If this is the case, democratic parties will have more changes in participating in government and political affairs. However, this will involve the amendment of the electoral law of the people's congresses, and a number of procedures are needed. Therefore, the changes will not take place overnight.

It has been reported that at present the most practical work which can be done is to increase the proportion of democratic personages or their experts in various special committees under the National People's Congress [NPC] Standing Committee. Their proportion increased year by year in the past, and has become fairly large. It is expected that the percentage of democratic personages in the NPC will be the same as that in the CPPCC. At present in the CPPCC, personages from the CPC account for 40 percent, whereas personages from various democratic parties account for 60 percent.

Beijing Meeting Discusses Mass Organization Role

OW16010. 1990 Beijing XINHUA Domestic Service
in Chinese 142 GMT 10 Jan 90

[By reporter Hu Qinghai (5170 3237 3189)]

[Text] Beijing, 10 Jan (XINHUA)—Mass social organizations should play a positive role in maintaining national stability. This is a call made by leaders of more than 20 national mass organizations at a forum held in Beijing this morning.

The forum to discuss the activities of mass organizations and steady social development was cosponsored by the China Association for Science and Technology, the China Federation of Literature and Art Circles, the China Law Society, and the China Institute for the Study of Mass Organizations. Lei Jieqiong, Cheng Siyuan, Wang Daheng, Li Ying, and Liu Dongsheng were present at the forum.

Those who spoke at the meeting maintained that the assembly and activities of mass organizations are closely related to social stability. The overwhelming majority of mass organizations set up after the 3d Plenary Session of the 11th CPC Central Committee are able to properly handle the relationship between the interests they represent and the fundamental interests of the people in the country, and to subordinate their partial interests to the interests of the whole. These mass organizations have also been actively informing the party and the government about what the people think and want, publicizing and implementing party policies, and forging close ties between the party and the government on the one hand and the people on the other. To keep pace with the needs in reform, they have also launched several types of useful activities. Some of these activities are helpful for solving social problems, some have alleviated social contradictions, and some have effectively enhanced social stability and facilitated economic construction.

The attendees pointed out, however, that certain mass organizations are laden with problems. The most notable include the following: Some have virtually become administrative organizations; some mass organizations exist in name only and their management is chaotic; the periodicals some mass organizations publish are carriers of bourgeois liberalization ideas and unhealthy substance; some organizations resembling secret societies have been resurrected; and some organizations use their names to undertake illegal activities.

Fan Baojun, vice minister of civil affairs, said at the meeting that the "Regulations Governing the Registration and Control of Mass Organizations" recently promulgated by the State Council are a legal basis for safeguarding citizens' freedom of assembly, safeguarding mass organizations' legitimate rights and interests, intensifying the management of mass organizations, and bringing into play the role played by mass organizations in socialist material and spiritual construction.

He said: This year, attention paid to the implementation of the regulations will be directed to reregistering mass organizations. Illegal mass organizations will be disciplined and punished strictly according to law so that the legitimate rights and interests of mass organizations can be safeguarded and assembly and development of mass organizations can be expedited.

Pension System Developed for Non-State Employees

OW1101000590 Beijing XINHUA in English
0727 GMT 10 Jan 90

[Text] Beijing, January 10 (XINHUA)—An employment exchange in Haidian District, Northwest Beijing, has initiated a system of pensions and medical and injury insurance for scientists and other people working for non-state institutions and businesses.

Today's GUANGMING DAILY says such scientists and other people can enjoy medical and unemployment insurance and pensions after the age of 60 if they pay the exchange several yuan each month.

At present only those employed by state-run institutions and businesses enjoy pensions, free medical care and other public welfare in China.

The paper quotes a spokesman for the exchange as saying the system was designed for "floating" scientists and technicians and other people working at research institutes and enterprises run by townships and neighborhoods.

He said the system, which is supported by the China Social Insurance and Mutual-Aid Association, is expected to eliminate the worries and difficulties of people who are not employed by the state.

Zou Jiahua Commends Beijing Railway Station

OW0601091490 Beijing XINHUA Domestic Service
in Chinese 1253 GMT 2 Jan 90

[By reporter Pan Shantang (3382 0810 2768)]

[Text] Beijing, 2 Jan (XINHUA)—State Councillor Zou Jiahua today presented a red banner to the Beijing Railway Station for winning in a nationwide contest involving major passenger railway stations; he extended regards to the personnel working during the holidays.

When Zou Jiahua and other leading comrades inspected Beijing Railway Station on New Year's Day of 1989, Zou Jiahua instructed the station to further improve its work in order to win first place in the 1989 national railway station contest.

In the past year, the vast numbers of staff members and workers of Beijing Railway Station conscientiously carried out the policy of improving the economic environment, rectifying the economic order, and deepening reforms; they worked hard to win first place among the first group in the 1989 national passenger railway station contest.

At the banner presentation ceremony, Zou Jiahua said: In the new year, Beijing Railway Station should strive to do first-class work in ensuring safety and punctuality, serving passengers, keeping order, and maintaining cleanliness and sanitary conditions; it should strive to further improve its work to greet the opening of the Asian games.

After the ceremony, Zou Jiahua, Gong Shuming and Ye Qing, in the company of Railway Minister Li Senmao and Vice Minister Shi Xiyu, went to the ticket office and waiting hall to visit personnel working on the holidays.

Literary Organs Publish Zhou Enlai Biography

OW0501113790 Beijing XINHUA in English
1039 GMT 5 Jan 90

[Text] Beijing, January 5 (XINHUA)—After more than 10 years' preparation a biography of Zhou Enlai's life was recently published by the Central Party Literature Publishing House and the People's Publishing House.

Compiled by the party Literature Research Center of the Central Committee of the Communist Party of China (CPC), the chronicle provides extensive data about Zhou as well as about the history of the party and the Chinese revolution.

The data include some historical documents of the CPC Central Committee, minutes of meetings of the CPC Central Committee, Secretariat and Standing Committee of the Political Bureau and cables to and from Zhou and other party leaders. In addition, Zhou's manuscripts, speeches, letters, diaries and articles are quoted.

Zhou was one of the leaders of the Chinese Communist Party and the People's Republic of China and a founder

of the People's Liberation Army. He has a very important place in the modern history of China.

Paper Carries Preface to Book on Yanan Spirit

HK1001154190 Beijing RENMIN RIBAO in Chinese
2 Jan 90 p 3

[Article by Ma W. . . (74.06 2429 3843): "The Yanan Spirit Is the Inheritance of the Chinese Nation—a Preface to 'On Carrying Forward the Yanan Spirit'"]

[Text] The CPC has always been indomitable and never ceased its striving in leading the Chinese revolution despite a winding course since it was founded in 1921. In the course of seizing victory in the revolution, the party went through several unforgettable phases. The great feats during the Yanan period laid the foundation for the founding of New China. Those days in Yanan were really fascinating, and people always find infinite joy in recalling them.

For 13 years, the Central Committee and Comrade Mao Zedong stayed in Northern Shaanxi. During those days, a peaceful settlement of the Xian incident was found because the party's correct leadership promoted the acceptance by the Kuomintang [KMT] and Chiang Kai-shek in KMT-CPC cooperation, as well as the joining of forces in the war of resistance against Japan as initiated by the CPC; and consequently a national united front took shape and brought about the defeat of Japanese imperialism. In the wake of the victory in the war of resistance against Japan, the CPC overcame the KMT reactionaries and founded New China. The historical facts of the series of victories during the Yanan period keep returning to people's minds.

The Shaanxi-Gansu-Ningxia border region at that time was poverty-stricken with barren soil. It had a population of only 1.5 million. The region, with very poor material conditions, was known for its economic and cultural backwardness; and life there could be very difficult. However, under the party's leadership, people's revolutionary will and spiritual condition were characterized by a seething momentum. At that time, everyone worked with one mind, shared weal and woe, and thought only of doing a good job in their work for the early defeat of the enemy. Those comrades who worked and studied there always cherish the memories of Yanan, and often recall all sorts of arduous struggles of the past in which they participated, as well as the achievements scored during the Yanan period. They always feel a sense of infinite honor and pride thinking of their own contributions to those achievements.

We always take keen pleasure in talking about our experiences during those days in Yanan, and always hope that the Yanan revolutionary spirit will be carried over and brought forward as a precious inheritance of our prosperous party and country to promote the early realization of socialist modernization.

Comrade Yang Zhilin [2700 2784 7207] worked and studied in Yanan for several years. With his own personal experiences and impressions, he has made a systematic study of the Yanan spirit. He cites some vivid historical facts to explore and discuss its nature and essence, and to demonstrate the historical inevitability in the shaping of the Yanan spirit and the great realistic significance of bringing it forward in the new historical period. He spreads a vivid historical picture scroll before us, explains the profound philosophy of the Chinese revolution, and deepens our general understanding of the historical role and realistic significance of the Yanan spirit. We need works of systematic and in-depth study on the Yanan spirit like that today. Comrade Yang Zhilin has done a good thing worthy of praise.

Comrade Yang Zhilin is a veteran comrade who joined the revolutionary ranks in the 1920's. Back in the early 1960's, his book "Wang Ruofei in Prison" became excellent teaching material for education in revolutionary tradition among teenagers, and it remains influential to this day. Comrade Yang Zhilin is now in his late seventies and has left his busy work post. However, he has never for a moment forgotten the party's cause. With the purity of a communist's party spirit, and a keen sense of historical responsibility, he visited Yanan on two occasions, despite the hardships on the journey. He referred to voluminous historical materials, concentrated his mind on studying the Yanan spirit, and worked on his book. I also worked in the Shaanxi-Gansu-Ningxia border region for several years. I read his book with great pleasure, as if I was back in Yanan and in the days of fiery struggle. Events from the past returned pleasantly to my mind; it was really an exciting experience. What Comrade Yang Zhilin expresses in his book is precisely the voices of the older generation who lived in Yanan at that time.

What accounts for the great impact of the Yanan spirit? It is because during the Yanan period, the experiences and lessons regarding the successes and failures of past revolutionary struggles had been summed up comprehensively, and universal Marxist tenets had been linked to the concrete practice of the Chinese revolution. Consequently, tremendous progress was made in the revolution, with great achievements in all aspects. The victory in the war of resistance against Japan invigorated the entire national spirit; Marxism-Leninism-Mao Zedong Thought nurtured the growth of an entire generation; and hundreds of thousands, who later became the elite in running the party and the Army, underwent revolutionary education there. They left Yanan for every part of the motherland, spreading the Yanan spirit wherever they went, with the spirit taking root, blooming, and yielding fruit. The Yanan spirit, with its strong appeal, yielded a great rallying force, and became a powerful spiritual force to unite hundreds of millions of people to carry on revolution and construction. That is precisely the key to explaining why the Yanan spirit attracted so many people and has been so unforgettable among them.

The Yanan spirit played an important role in the past; even today, it continues to play an infinite role under the new historical conditions. In his speech delivered at the Central Work Conference in December 1980, Comrade Deng Xiaoping pointed out that it is necessary to propagate, restore, and bring forward the Yanan spirit. He said: From the Yanan days to the founding of New China, was it not this precious revolutionary spirit—in addition to a correct political orientation—that enabled us to win the support of the entire Chinese people and of foreign friends? How could we have built socialism with such spiritual civilization, communist thinking, and morality? These important ideas of Comrade Deng Xiaoping are of important guidance to building socialism with Chinese characteristics. When comparing the Yanan period with today, when history has reached the 1980's, the political, economic, scientific and technological, and cultural conditions facing us are very different. Why should we restore and bring forward the Yanan spirit? In the final analysis, this is determined by the nature of China's socialist system and the basic essence of the Yanan spirit.

In the following, I shall deal with my experience in the Yanan period to illustrate the great realistic significance of the Yanan spirit today and the need to place greater value on it.

First, the communist world outlook is the fountainhead for the Yanan spirit. Communism is the inevitable trend in the development of human history, and the beautiful future has strengthened our belief in the final victory of communism. Our highest ideal is to realize a communist society characterized by a situation of from each according to his ability, to each according to his need—a goal which we strived for, are striving for, and will strive for in the future. The realization of this goal involves the unremitting efforts of several generations. During the Yanan period, this understanding and consciousness of the revolutionary ideal became the motive force of party members and cadres. The communist movement, whose one aim is to realize this brilliant goal, started back in the days when the CPC was first founded and in its leading the new democratic revolution. To achieve the highest goal, it is imperative to carry it out in different phases. The fight against imperialism and feudalism was for the victory of the new democratic revolution. To communists, the national revolutionary war of resistance against Japan was for the independence and survival of the Chinese nation, and paved the way for the realization of the goal of the new democratic revolution in order to march further towards socialism (communism). Under the prerequisites of such consciousness and understanding, we united as one and consciously observed iron discipline; worked hard; and regarded greater contributions to the party, the people, and the country as the highest embodiment of life's value. The Yanan spirit is essentially the embodiment of the communist world outlook.

Second, the issue of the political line as an orientation is the key to the success or failure of the revolution. In view

of the harm done to the Chinese revolution by "leftist" and rightist errors in the historical course of the Chinese revolution, special attention was paid to summing up and studying historical experiences and lessons during the Yanan period. The atmosphere of study among senior cadres was very strong. Through study and discussion, the understanding of the extreme importance of the political line was universally deepened, while those issues that had a close connection with the political line, or were of a strong political nature, such as the military line and united front, were also important topics on the agenda. These issues produced the strongest effects and were studied most in revolutionary struggles, because there had been bloody lessons regarding issues of military affairs and the united front; therefore, greater attention was paid to their studies. In short, all issues involving the line were given great attention. The war of resistance against Japan was a realistic issue; therefore, the party's line regarding to the national united front for the war of resistance against Japan was all the more the focus of heated discussion. On the issue of resisting Japan, our party adhered to the line of uniting all forces that were willing to resist Japan through to the end. This line won the firm support of people of all nationalities across the country. Through study and discussion, unanimous understanding was reached regarding to the fact that the party's line of a national united front for the war of resistance against Japan was the most correct. To clarify right and wrong as well as people's minds, and to deepen understanding concerning the line issue, it was imperative to focus great energy on study during the Yanan period, and unprecedented results were scored. A general concept regarding the line issue was the great importance of political orientation. With the correct orientation, even when a wrong path was taken accidentally, it would not be difficult to correct it. But should the political orientation be wrong, greater mistakes would lie ahead, and things would get out of hand. Whether the political line was correct or not had a bearing on the success or failure of the revolution. With the line issue becoming deeper in people's minds, and every one having a concept of the line, far-reaching effects were produced.

Third, a marked characteristic of the Yanan period was linking theory to practice and the application of dialectical materialism and historical materialism to the practice of knowing and transforming the world. Aiming at a doctrinaire way of thinking characterized by deviating from the actual conditions and rigidly following books, Comrade Mao Zedong explained the philosophy of proceeding from reality in everything in such a simple way that it was within the grasp of laymen. His famous works "On Contradictions," and "On Practice" provided people with a correct way of thinking to understand the past, present, and future and enabled party members, cadres, and the masses to universally study and master material dialectics and an ideological weapon to clarify right and wrong and correct and erroneous things. The universal application of materialist dialectics improved the ideological level of the entire party, and resulted in

the party's unanimity in thinking and understanding and concerted action, as well as the political unanimity with the Central Committee. The truth-seeking way of thinking is the key to understanding problems. The application of materialist dialectics during the Yanan period can be said to have been an epoch-making leap, whether in scope or depth.

Fourth, the CPC established a fine all-around work style during the Yanan period. Here I should like to single out the style of doing pioneering work through hard work and keeping close ties with the masses. When the KMT stopped providing us with soldiers' pay and provisions, implemented military and economic blockades, and severed all aid, we actually faced the danger of starvation. However, everyone answered the call issued by the Central Committee and Comrade Mao Zedong to unfold the campaign of mass production "to achieve enough food and clothing with self-reliance," and participated in production with a spirit of selflessness. We started from scratch; then we managed to have things of which we used to have none, going from small to large in scale, from small amounts to abundant amounts. We did not starve to death; moreover, we managed to make necessary material preparations for the general counteroffensive. Plain living and hard work were capable of overcoming difficulties and helped the revolutionary cause make progress. Those comrades who lived in Yanan have their own experiences and memories of getting out of difficulties, and they did their share in surmounting difficulties. Establishing close ties with the masses was an outstanding practice during the Yanan days. Our cadres, including the party's senior cadres, often went deep among the masses and grass-roots units to help find solutions to the masses' practical problems, and became one of the masses. That is a precious inheritance and should not be easily lost.

Fifth, in the final analysis, all great achievements during the Yanan period were the result of the CPC leadership. The party's leadership is the guarantee for the victories of revolution and construction. Without the Communist Party there would not have been a New China. Only by strengthening party building will there be hope for our revolution and construction. To build a great, glorious, and correct Marxist party is a matter of first importance in determining the future and fate of the Chinese revolution. Great importance was attached to party building during the Yanan period. In those days, the building of ideology, organization, style, and institutions was constantly on the agenda; moreover, party building and development was closely connected with whether the party's line, principles, and policies were correct or not. That was because—in the party's history—when the party's line, principles, and policies were correct, the party would develop and grow; but if not, the party organization would become lax, weak, and endure failure. The party's progress or retrogression is the test of whether its leadership is correct or not. During the Yanan period, the party was advancing, the Army under the party's leadership was forever expanding and

strengthening, and the party's staunch leadership and the party organization's role as a bastion were all fully embodied. On top of this, the people believed that the party served them heart and soul. To strengthen party building, it was imperative to unfold earnest criticism and self-criticism. That was our creation during the Yanan days. The Yanan rectification was itself a brilliant example to conduct ideological education in the approach of criticism and self-criticism with very good effects. During those days, special attention was attached to honesty and being upright, while selfishness and any behavior characterized by putting personal gain before justice was regarded as shameful. Should anyone abuse power, he would inevitably find that he was notorious with no place to hide his shame. Cadres who were party members would always play an exemplary role and regard not fearing hardships and death for the sake of the party and people as the loftiest morality. The party organization consists of its members, and it can be pure and powerful only with qualified members. Therefore, during the Yanan days, the party organization always placed the education of its members in an extremely important position and grasped it as a vitally important task that had a bearing on the party's healthy growth.

The Yanan period was a time when our party grew and became mature with respect to all aspects of development and creation. It is only natural that people cherish their memories of Yanan. Today, China is in the initial phase of socialism and is building socialist modernization with Chinese characteristics while reform and opening up to the outside world have made China advance at top speed with people's living standards greatly improved; however, the spirit of plain living and hard struggle is still asked for. Bringing forward the Yanan spirit is helpful to stepping up the pace in socialist modernization, and the spirit of plain living and hard struggle is helpful in pushing society forward at any time. Cadres at all levels in the Yanan days could be said to be honest in performing their official duties; both the party's work style and the social atmosphere were fine, and phenomenon of corruption was rare. We should write at length about this.

The aim of the book, "On Bringing Forward the Yanan Spirit," written by Comrade Yang Zhilin, lies precisely in bringing forward the Yanan spirit to let its brilliance shine again.

Article Examines Nation's Poverty

HK0701071590 Beijing RENMIN RIBAO in Chinese
5 Jan 90 pp 1,3

[Article by Gao Di [7559 3695]: "How To Look at China's 'Poverty'"]

[Text] A question puzzles many people, especially young comrades: Since the socialist system is superior, why is socialist China so poor now?

I wish to probe this question with you.

It Is Necessary To Look at the Question From the Comprehensive and Class-Analysis Viewpoint

When people say China is poor, they refer to the average per-capita national income based on the population. As to the current amount of China's average per-capita national income, though there are varying statements, it is generally believed to be in the region of \$300, a figure that places it in the category of poor countries in the world.

A major reason for this is that China has too large a population. As far as total national income is concerned, China ranks eighth in the world. Considering economic reasons alone, it is a big country in the world. However, if we take the average income by dividing the total equally among its 1.1 billion people, China ranks below the 100th country and, therefore, is a "small" country.

The factor of population is very important. The United States has a population of 250 million, less than one quarter of the Chinese population. Yet, if the United States had a population as large as China's, its average per-capita national income would be reduced by at least three fourths, and with such a per-capita average of some \$4,000, it would only be classified as a medium-developed country. What is more, a large population would not only lower the living standards, but also bring about a host of social problems. The U.S. unemployment rate is presently 5.4 percent. If its population were increased by several hundred million, then what would these additional people do? As we recall, when Premier Zhou was alive, a leader of a developed country once said to him: We have a population of 50 million, and it is very hard to be a premier. You have such a large population, how should you perform as a premier? This can be likened to running a household. "It is easier to feed a small family." A family of two differs entirely from a family of ten.

It is both scientific as well as unscientific to evaluate a country's economy and its people's standards of living on the basis of its average per-capita national income. We can say that it is scientific because it roughly reflects the country's degree of affluence and indicates a certain comparability. We can also say that it is unscientific because such a method of calculation does not indicate whether the society in question is fair and whether exploitation and polarization exist. Moreover, with different systems, countries, and calculation methods, the "average per-capita" level contains some factors that are incomparable.

The United States is a rich country whether it is judged by its gross national product or by its average per-capita national income. Even in the United States, known as the richest country in the world, there are still people without housing and food. On 25 December 1983, one of the leading American newspapers stated in a commentary entitled "Christmas and the Long Lines for Getting Food:" "At this time, thousands upon thousands of people in our country are lining up at the gates of charity soup distribution stations, food relief stations, and

cheese distribution stations. From a clinical viewpoint, these people are not going to die of starvation, but they are really suffering from hunger." This was the case 6 years ago. How about today? An article, "Vagrants in the Cold Winter," published in RENMIN RIBAO on 28 December 1989 said: "To those homeless vagrants, this year's Christmas season is even tougher. This includes both spiritual depression and the merciless torment that the cold weather brings to them." "It is said that since winter set in, five people have died from freezing in the Washington area alone." Mr. Snider, who has busied himself with helping the homeless for 16 years, said: "In such a rich country, 2 million people are homeless. This indicates the huge gap between the rich and the poor in the United States."

Certainly, the United States is a country with a very big gap between the rich and the poor. Under the private ownership system, where there are capitalists, there are workers; and where there are rich people, there must be people to serve them. "The Rich and the Super-Rich," a book authored by American scholar Ferdinand Lundberg states: "In today's seemingly rich society, most Americans...are merely employed workers. The vast majority of them are in the predicament of not knowing in the morning what will happen in the evening. Almost all of them are servants." One percent of the U.S. population possess 37 percent of the nation's wealth, and there is a trend of widening the gap between the rich and the poor. According to a report by the Appropriations Committee of the U.S. House of Representative, between 1979 and 1987, the average annual income of poor families—which accounted for 20 percent of the population—dropped 6.1 percent, from \$5,439 to \$5,107. The average actual annual income of rich families—which accounted for 20 percent of the population—climbed up 11.1 percent, from \$61,917 to \$68,775. The report points out: "Despite the continuous widening of the gap between the rich and the poor, average family income throughout the country grew 5.6 percent in these 8 years, from \$27,917 in 1979 to \$29,487." This also shows the fact that average figures cover up the gap between the rich and the poor.

This is also by and large the case in other Western countries. France's DEVELOPMENT TRIBUNE of 31 October 1989 said: "In France, 51 percent of the rights to family property are in the possession of only 10 percent of the families, while the richest families, which account for only 1 percent, possess nearly 20 percent of the property." The French paper LE TEMPS DE PARIS said: "At present, the number of families below the poverty line is still increasing." According to a British Broadcasting Corporation report, the homeless in Britain doubled during 1979-1989. The British paper THE SUNDAY TIMES reported: After a brief time of "Merry Christmas" (which means eating a charity Christmas meal), the homeless had no choice but to "still wander in the streets."

Most rich countries in the world are located in the northern hemisphere, while most poor countries are

found in the southern hemisphere. Contradictions between the North and the South are becoming increasingly striking. This is the North-South issue, one of the two major issues in the present world. The two world wars both resulted from contentions between imperialist countries for colonies, spheres of influence, and markets. Following World War II, colonial countries became independent one after another. Economically, however, the gap between rich and poor countries has not been narrowed; on the contrary, it has been widened. The developed countries, accounting for only 20 percent of the world's countries, have amassed over 80 percent of the world's wealth. The World Economic Observation and Research Institute, headquartered in Washington, said in a report compiled on the basis of statistical figures provided by the United Nations and other organizations: "As far as industrial countries are concerned, the 1980's is a period of economic revival and rehabilitation. To poor countries, especially those in Africa and Latin America, the 1980's have been simply a disaster, a period of declining revenues, increased debts, reduced food supplies, and rising mortality rates." "During this decade, an additional 200 million-plus people have joined the ranks of 'abject poverty.' The number of people in 'abject poverty' has reached 1.2 billion, almost one quarter of the world population." In 1988, the average per-capita national income of developing countries was even lower than that in 1980. Developed capitalist countries make money by exploiting the resources of underdeveloped countries, processing them, and then selling them back to the underdeveloped countries. The United States, whose population accounts for only 5 percent of the total world population, has consumed 40 percent of the world resources. Prices on the world market are controlled by a few rich countries. For the sake of their own interests, they set very low prices for primary products and very high prices for processed industrial products. From 1980 to 1986, the actual prices of primary products in the world other than fuels dropped 35 percent, while the prices of imported industrial products rose 17.5 percent. In 1986 alone, developing countries lost \$110 billion due to the decline in prices of raw materials. The countries exporting raw materials got only 15 percent as much as the retail prices of the products made from these raw materials. For example, the price of cocoa exported by African countries was even lower than its production cost. The more that was exported, the greater loss incurred to the exporting countries. In 1986, there was enough food in the world to feed 6 billion people, 1 billion more than the world's actual population. But 950 million people in developing countries suffered food shortages and thousands upon thousands of them died of starvation. "In 1980, 18 million children died of malnutrition." (quoted from an article by Professor Giichi Miyazaki of Kyoto University of Japan: "Struggle Against Absolute Poverty") Underdeveloped countries owe foreign debts amounting to \$1.3 trillion, equal to nearly 40 percent of their GNP, and they must pay \$100 billion in interest annually. The interests paid to the United States by developing countries in 1966-1976 totalled \$124 billion.

The huge wealth owned by a small number of people in developed capitalist countries is accumulated on the basis of exploiting the working people in their countries and plundering underdeveloped nations. Marx said: "Capital comes to this world with every pore from head to toe shedding blood and filthy stuff." ("Das Kapital," Volume I, p 829) Capital was accumulated this way at the very beginning. Now the situation has changed, but the essence of the monopoly of capital in exploiting the working people of its own country and plundering underdeveloped nations remains unchanged; what has changed is merely its form. The above thesis of Marx is not outmoded.

The wages in our country are low, but our commodity prices are also low (for instance, a bowl of noodles in Tokyo, Japan, is at least 500 yen, or 16 yuan renminbi according to latest exchange rate), our distribution is fair, and our people's livelihood is not too bad. The quality of life in our country, including the conditions of income, nutrition, medical care, and education measured in accordance with the index proposed by the U.S. Overseas Development Committee, ranks it around the 70th in the world.

In 1985, our per-capita daily calorie intake was 2,602 calories, close to the world's average (2,656 calories), which ranked us the 65th in the world. Our average expected life span is 69 years, higher than the world's average (63 years) and the average of middle-income nations (62 years), and ranks 43d in the world. It should also be pointed out that the per-capita income, computed according to the foreign exchange rate, cannot reflect the actual purchasing power of the renminbi at home. Some people have figured that according to the actual purchasing power of the renminbi, our present per-capita income is \$500-700. Others say that it is \$1,000 or even more.

When we view something, we should view all of it and not in part. When speaking of national income, China is a poor country; but our GNP is in the front ranks among all the countries in the world. When speaking of wage income, ours is low; but the actual standards of living of our working people are not too low. Economically, China is backward; but in overall national strength, including political, economic, scientific and technological, and military strength, it is a quite powerful country occupying a decisive position in the world. We should neither be arrogant and conceited nor improperly belittle ourselves. We should soberly and properly appraise ourselves.

It Is Necessary To Look at the Question With a Historical Viewpoint

At any rate, China's economy is backward when compared with developed nations.

However, China's backwardness did not begin recently; it has existed for 100 or 200 years. Since the middle of the 17th century, Western countries successively stepped from feudal society and into a capitalist society; but China was still a feudal state in the middle of the 19th

Century. The feudal society was of course backward in comparison with the capitalist society, and the backward ones always take the beating. China was defeated by Britain during the Opium War in 1840. Under the coercion of the British aggressors' gunboats, China and Britain signed the "Nanjing Treaty," a treaty of national betrayal and humiliation under which Hong Kong was ceded to Britain. Since then, China became a semi-colony that was trampled upon by others. The imperialists' logic is the law of the jungle. Didn't the eight-power allied forces enter Beijing? Almost all the capitalist powers in the world committed aggression against China. The ruins in the Yuanmingyuan Park are the evidence of the humiliation suffered by the Chinese nation. Old China was a nobody in the world and was defamed by people as the "sick man of East Asia."

The plundering of China by capitalist powers was the main reason behind the poverty and backwardness of the Old China. Since the start of opium trade, China lost over 300 million yuan in the period between 1800-1838. From the Opium War to the collapse of the Qing Dynasty, China had, in terms of indemnity payments alone, paid nearly 1.3 billion tael of silver to foreign powers.

A comrade related the following after returning from a visit to Japan. He said he was asked by someone while in Japan: If you say your socialist system is advanced, why does China still lag behind Japan? He said he was hard put to answer the question.

Why was he hard put to answer such a question? He should have told the Japanese person without any trouble: The backwardness of China has to do with Japan. (Of course, it has to do with a small minority of militarists).

China was defeated in the Sino-Japanese War in 1894. A defeated nation is always at the mercy of its victor. According to the "Ma Guan Treaty" [the Treaty of Shimonoseki], China ceded Liaotung Peninsula, the whole of Taiwan Island and its adjoining islands, as well as the Penghu Islands [the Pescadores] to Japan. Also, according to this treaty, China paid 200 million tael of silver to Japan as reparation for military spending. Because Russia considered Liaotung Peninsula its sphere of influence, it did not like the occupation of the peninsula by Japan. The issue was settled only after China agreed to pay 30 million tael of silver to Japan as "ransom money for Liaotung Peninsula." Is it not absurd to pay ransom money for one's own territory?

China paid a total reparation of 230 million tael of silver to Japan, which was about 3 times the annual national revenue (80 million tael of silver) of the then Qing government. Because the Qing government was unable to pay for the indemnity, it had to borrow money from foreign countries. When it failed to repay the money it borrowed, it mortgaged away customs tax revenue. Thus, China lost the independent right of customs.

With the outbreak of fighting at the Lugouqiao [the Marco Polo Bridge], Japan's other war of aggression

against China began. The fact that Japan stationed troops in the Beijing suburbs showed that China at that time could not be considered a sovereign state. (According to the record of "Shen Bao Chronicle," which was published in Shanghai in 1936, there were 28,000 troops from Japan, the United States, Britain, France, and Italy in old China. There were foreign concessions in 18 cities and regions). The war lasted 8 years. The Chinese people suffered enormous losses. Twenty million people were killed or wounded; property losses amounted to over 100 billion dollars.

Digging into the past is not intended to settle accounts with Japan. It is our hope that the Chinese and Japanese people will not forget the past. There have been short and unfortunate events in the friendly exchanges between China and Japan which began several thousand years ago. As an old saying goes: Past experience, if not forgotten, is a guide for the future; the peoples of two countries should in the future carry forward the friendly relationship generation after generation. War caused great losses to the Chinese people, which also brought deep suffering to the Japanese people. China and Japan are close neighbors. Living in peace and harmony together is the common interest and common wish of the two peoples.

Some say that Japan, also devastated by war, had a post-war economic level about the same as that of China at the time. However, Japan now has far outstripped China. They want to use this argument to show that the socialist system is inferior to the capitalist system.

What they see is only the phenomenon, not the essence.

With the Meiji Reformation in 1868, Japan became a capitalist society. Its national power greatly outstripped the feudal, semi-feudal, and semi-colonial China. Why was the big Qing empire defeated in the Sino-Japanese War of 1894? Why was the war of resistance against Japan a protracted war? Was this not because the enemy was strong and we were weak? In May 1938, Comrade Mao Zedong wrote "On Protracted Warfare." He wrote: "The war between China and Japan is not just any war; it is specifically a war of life and death between semi-colonial and semi-feudal China and imperialist Japan fought in the 1930's." Japan "is a powerful imperialist country, which ranks first in the East in military, economic, and political-organizational power, and is one of the five or six foremost imperialist countries in the world." "We are still a weak country and manifestly inferior to the enemy in military, economic, and political-organizational power." Comrade Mao Zedong said that one can find the basis for the impossibility of quick victory for China. (Selected Works of Mao Zedong, volume 2, p 415, 417)

World War II devastated the Japanese economy. However, Japan still had human resources, a technological basis, and management experience. These were very important factors. In 1946, the industrial production of post-war Japan was merely 26 percent of the pre-war

level. However, by 1952 and 1955, the GNP and the per-capita GNP were respectively restored to the pre-war level. There were still many other factors behind the revival and the rise of Japan. One of the most important factors is the aid of the United States. In "The Rise and Fall of the Great Powers," noted American historian Paul Kennedy wrote: "Despite suffering serious damage in the 1937-1945 war, losing traditional markets and raw-material supplying countries, Japan still had a restorable industrial base; its people are ingenious, industrious, well-educated, and socially cohesive. Their determination for self-improvement was converted into peaceful commercial activities. In the several years after the end of the war in 1945, Japan suffered the fate of falling under foreign occupation and had to depend on the aid of the United States. However, the situation began to rapidly change in 1950. Ironically, the enormous spending of the United States in the Korean war greatly stimulated the production of many of Japan's export-oriented companies. For example, the Toyota Company was at that time on the verge of bankruptcy. However it was saved from bankruptcy when the U.S. Defense Department placed orders with Toyota for a number of trucks. Other Japanese companies also underwent similar experiences." Paul Kennedy also wrote: "In the past 40 years, Japanese territory has been under the protection of U.S. nuclear and conventional forces; its sea traffic has also been under the protection of the U.S. Navy. This enabled Japan to free itself from militarist armed expansion and from a high level of defense spending. Japan was thus able to devote its national strength and financial power to constantly and greatly developing its economy, particularly in the area of expanding export markets." The author pointed out: "In the last quarter of the century, Japan was able to enjoy all the conditions of developing itself into a global economic giant without having to bear any political responsibility." Former U.S. President Nixon said in "1999—Victory Without War": "In the 1950's, under the tacit consent of the United States, Japan adopted the policy of pooling almost all of its resources in developing its domestic economy." He again wrote: "Now, the Japanese economy is competing with ours. This is chiefly the result of our helping it."

The 1936 "Shen Bao Chronicle" showed the degree of utter backwardness in Old China. China has always been an agriculturally based country. However, according to the record in the "Shen Bao Chronicle," China's per-capita consumption of grain, including peas, broad beans, sweet potatoes, and imported grain, in 1935 was only 494 jin. Light industry was the main industry. However, the number of spinning spindles (4.86 million spindles) was only 11 percent of the number for Great Britain (43.76 million spindles), and 50 percent of the number for Japan (9.53 million spindles) and India (9.61 million spindles). The number of weaving machines was 1/6 of the number for Japan (Japan: 277,000 sets; China: 45,000 sets). Heavy industry was almost nonexistent. Take steel production, for instance. According to "Shen Bao Chronicle," "Annual steel production in the whole

country (excepting production from three provinces in China's northeast) was less than 50,000 metric tons." In 1949, our country's annual production of steel was only 158,000 metric tons, a level comparable to that of Great Britain in the early 19th century; whereas Japan's steel production in 1938 was 7 million metric tons and the United States in that year was 28.80 million metric tons. Some recalled the years under Chiang Kai-shek's rule. The Chiang Kai-shek clique ruled the mainland for 22 years. Its rule was marked by the loss of territory, the collapse of the economy, and the abject poverty of the Chinese people. In short, he virtually pushed the country to the edge of disintegration.

This was the kind of historical heritage we inherited. Socialist China started on such a foundation.

It Is Necessary To Look at the Question From the Viewpoint of Development

In the 40 years since the founding of New China, our country has undergone huge, earth-shaking changes, and has turned itself from a poor and blank semi-colonial and semi-feudal state into a socialist country with the beginnings of prosperity. Our total industrial and agricultural output value in 1988 was 41.2 times that of 1949, while the national income increased 19 times (with commodity prices factored in). The output of major industrial and agricultural products in 1988 was 16 times greater than the highest annual output before liberation, while raw coal output was 16 times greater, crude oil output 428 times greater, electricity generation 91 times greater, steel output 64 times greater, cotton yarn output 10.5 times greater, grain output 2.6 times greater, and cotton output 4.9 times greater. The output of some important products have been advanced to the front ranks among the countries in the world. The steel output and electricity generation, which ranked 25th and 26th in the world in 1949, are now ranked 4th. The output of raw coal, ranking 9th in 1949, is now ranked 1st; the crude oil output, ranking 27th in 1949, is now ranked 5th. China's grain, cotton, meat, egg, cement, and cotton fabrics output also rank first in the world now.

According to "SHEN BAO Yearbook" [SHEN BAO was a newspaper published in Shanghai], China's (including those of the three northeastern provinces) raw coal output in 1933 accounted for 2.5 percent of the world's total; while its steel output accounted for 0.27 percent and its crude oil output accounted for 0.05 percent. They were too little to be worth mentioning. According to "JINGJI CANKAO BAO," China's raw coal output in 1987 accounted for 20.5 percent of the world's total, while its steel output accounted for 8.16 percent and its crude oil output accounted for 4.66 percent, greatly raising China economic position in the world. According to "Rise and Fall of Big Powers," China's GNP was 3.1 percent of the world's total in 1960, while it was 4.5 percent in 1980.

Generally speaking, China's economic development has been very fast in the world, especially since the start of

reform and opening to the outside world. China's GNP increased at an average annual rate of 6.1 percent between 1953 and 1978, and 9.6 percent between 1978 and 1988. The average annual GNP growth rate of all countries in the world during the 1980-1986 period was 2.6 percent, and that of developed countries was 2.3 percent; while China's average annual GNP growth rate was 9.2 percent.

It is groundless that some people attribute China's backwardness to its socialist system. On the contrary, the socialist system has narrowed, not widened, the gap between China and developed countries.

Today, the population of developed countries accounts for one fourth of the world's total, while that of developing countries accounts for the remaining three fourths of the total. Most developing countries practice the capitalist system, not the socialist system. Now those people refer to China only in the comparison with developed capitalist countries, yet they are incomparable with each other, as I have said earlier. It is like a race in which the developed countries have already run a long distance while China has just left the starting point. Some developing countries that practice the capitalist system are even more backward than us. China's development is also fast among developing nations. The average annual economic growth rate of the developing countries in the world between 1967 and 1984 was 4.9 percent, while that of China was 9.4 percent.

Is it possible for our country to develop itself faster? Yes. Had the "Great Leap Forward" of the late 1950's and the 10-year "Great Cultural Revolution" not happened, the economic situation of our country would certainly be better than it is now. A major mistake of our economic work was in seeking excessive growth rate. In 1958, we called for surpassing Britain in a dozen of years and catching up with the United States in several decades. It is impossible to do so. As the developed countries have a solid economic foundation and the base figure of their GNP is large, the absolute value of their economic growth will remain large even if their growth rate is very low. For this reason, it is impossible for us to catch up with them in a short period even if our growth rate is very high. It requires more time. The development of a thing must follow its own objective law. Since China is so big, so backward and, so complex, we must strive to make steady progress. We must not leap, much less make a great leap. If we violate the objective law, we will go in the opposite direction and get nowhere. In last several years, our economy has been overheated with a double-digit growth rate for several years in a row, but the conditions of energy resources, communications, and raw and processed materials cannot match the economic growth and has thereby caused a number of problems. This is why we must improve the economic environment and rectify the economic order. The biggest lesson that we have learned in the 40 years since the founding of the People's Republic is the mistake of being over-anxious for quick results. We must not be over-anxious for quick

results in economic construction and reform. The accelerated price reform in 1988, which was subjectively decided, was beyond the ability of society to endure, and it triggered off inflation. This is a profound lesson. Everyone should learn from this kind of lesson. Everyone wishes our country to become well-off as early as possible. However, it is one thing to wish our country to become well-off at the earliest, and it is another thing to realize this wish. We cannot do things entirely on the basis of subjective wishes. We must consider the objective possibility and bring into full play subjective activity within the limit of objective circumstances. From now on, we must no longer do those things that are contrary to our wishes.

Some people uses Taiwan's rapid development to prove that socialism is no good and that the Communist Party is unfit. This is also the result of a lack of concrete analysis. Taiwan was ceded by China to Japan in 1895 and became part of Japanese "territory." Even prior to World War II, Taiwan's per-capita income was 3 times that of the mainland. In 1948, the Chiang Kai-shek Government took huge amounts of wealth from the mainland to Taiwan. According to available evidence alone, it shipped 2.738 million taels of gold from Shanghai. Taiwan also obtained a large amount of aid from the United States. It received \$20 billion in foreign aid and loans, or \$1,190 per capita. If the mainland were to reach Taiwan's level, 1,200 billion in foreign capitals would be required. In addition, Taiwan also received \$5.2 billion in capital from Overseas Chinese. On top of all this, there are other special factors contributing to Taiwan's economic development. Analyzing specific issues in a concrete way is the soul of Marxism. The outcome of an analysis is bound to be unscientific and incorrect if it is not done in a concrete way.

World capitalism has developed for more than 300 years and has become relatively mature. Today, capitalism is still undergoing adjustment. However, "There is no way by which capitalism can ever eliminate the extraction of super-profits by its millionaires or ever get rid of exploitation, plundering, and economic crises. It can never generate common ideals and moral standards, or free itself from appalling crimes, moral degradation, and despair." ["Selected Works of Deng Xiaoping, pp 153-154]. The system of man exploiting man is, after all, unreasonable. Mankind will ultimately advance toward communism, from each according to his ability, to each according to his needs. The socialist system has been in existence in the world for only a little more than 70 years. In China, it is only 40 years old. It is still far from mature and perfect. It still requires constant reform to perfect and develop it. The Chinese have made their historical choice of taking the socialist road in China. Comrade Deng Xiaoping pointed out: "China will have no future without the leadership of the Communist Party and without socialism. This truth has been proven and will be proven in the future. If we achieve a per-capita gross national product (GNP) of \$4,000 with common prosperity, by that time the superiority of the socialist

system over the capitalist system will be demonstrated more clearly, and that will point out the direction of struggle for $\frac{3}{4}$ of mankind and further demonstrate the correctness of Marxism." ("Build Socialism with Chinese Characteristics," revised and enlarged edition, p 151) The development of capitalism has gone through major twists and setbacks. That the development of socialism will be plain sailing is even less possible. There are bound to be storms, whirlpools, and even adverse currents. However, human society will always develop according to its own law, and this is something independent of man's will. No matter how the world situation changes, from a long-term point of view, all that is happening at present is transient. "The green mountain cannot stop the river and it will always flow eastward." No force can obstruct the advance of history. The old saying still applies: The future is bright, but the road is tortuous. Our country is indeed lagging behind today. However, we have the leadership of the Communist Party, the socialist system, and diligent, courageous people. Some day, we are bound to approach, catch up with, and surpass those developed capitalist countries. Time is on our side, and the ultimate victory belongs to us. We are full of confidence in the future of socialism.

Article Lauds Party Work in Tianjin

HK2212060189 Beijing RENMIN RIBAO in Chinese
4 Dec 89 p 5

[Article by staff reporter Yang Chuanchun (2254 0278 2504): "The Strength Lies With The Popular Will—First Part of an Account of the Party's Work in Tianjin Municipality"]

[Text] The relationship between the party and the people in Tianjin Municipality is as simple as the sea or a river: It is neither extraordinarily elegant nor soul-stirring. Nevertheless, it does not only contain energy, it has released energy. Whether in the face of a difficult and arduous task or the ponding of waves, a force will immediately burst as fast as lightning, showing extremely great and robust beauty.

During the turmoil that took place at the turn of spring and summer, while crossing out the two Chinese characters that read "people" from the plate of the Heping District People's Government Guesthouse, one student said: "A people's government? It is a corrupt government!" Immediately, a crowd of people moved forward and encircled him. Pulling the student out, an old worker said: "Boy, what are the grounds for you to say our government is not a people's government? You, wretch! Who says the Communist Party is no good? Wretch!" At a university, when somebody urged striking down the principal leaders of the municipal party committee and government, some people with wide experience immediately retorted: "The Tianjin municipal party committee and government have high prestige among the people. Those who oppose them will get an unlucky break."

"The First Signal" and Old Women's "Philosophy"

The theoretical basis for the Tianjin Municipal Party Committee's basic line of thinking in all fields of work, which is characterized by "doing everything for the people and relying on the people in everything," is the party's purpose and historical materialist philosophy. Tianjin did not separate the functions of the party from those of the government in an oversimplified fashion. Proceeding from the position and nature of a ruling party, it stressed turning the party's will into the government's action. Hence, the municipal party committee and government summarized "everything is for the people" into a very simple slogan of "doing solid work," and the masses of people simplified "relying on the people in everything" to "boosting enthusiasm."

The first principle of "doing solid work" is regarding the voice of the masses as "the first signal." We cannot accomplish anything unacceptable to the masses for the time being even if we have many reasons.

On 21 November 1987, the municipal People's Congress organized a dialogue between municipal leaders and people's deputies. Coming out with a carefully designed proposition based on a serious survey, a deputy pointed out that prices in Tianjin Municipality were too low and the municipality would suffer a lot in competition. He suggested "raising prices with increased subsidies." In reply, a municipal leader said: "Prices are a very sensitive matter and some need rational readjustments. However, at a time when the masses are not willing to accept price increases, we should refrain from taking any rash action and keep prices stable, no matter how ample reasons we have in so doing." His remarks were greeted with applause.

The second principle of "doing solid work" is doing things which the masses think need to be done urgently and can be accomplished by the party and government after exerting the greatest efforts, no matter how difficult they are.

Wang Zhicheng, secretary of the party committee and director of the municipal public utilities bureau, would forever never forget Li Ruihuan's criticism of him and the "philosophy" of old women, which is too simple to be reasoned out.

It was also at the same occasion that a deputy said: "In the recent past, there was a gas supply shortage running for 3 consecutive days. When will the municipal authorities manage to guarantee a normal supply?" This stumped Wang Zhicheng.

Before 1985, very few households in the municipality used gas and the gas company's 2,000-plus employees had relatively soft jobs to do. Within 2 and $\frac{1}{2}$ years, of the municipality's 1 million residents or more, 93 percent used gas. Although more than 10,000 employees work day and night without holidays throughout the year, gas supply shortages were still frequent.

In a tone with qualms of conscience, Wang Zhicheng begged the people of the municipality to make allowances for their difficulties while putting forth numerous statistics, causes, and calculations. It seemed that Li Ruihuan did not show tender affection for his own subordinates. Resolute and steadfast, his facial expressions became more awe-inspiring when he got excited. He said: "You have not said anything to the point, nor realized the grim situation in gas supply. You must say when the problem is solved instead of enumerating over-elaborate statistics which are useful only in our research work. An old woman does care about statistics; what she cares about is if there is gas available when she wants to use it."

At that time, the television station gave live coverage of the dialogue. With his voice getting louder and louder, Li Ruihuan said: "On behalf of the municipal party committee and government, I make a self-criticism in front of the whole people in the municipality! We guarantee the problem will be solved very quickly. Otherwise, there will be changes, thorough changes in personnel and the leading body." His remarks were greeted with thunderous applause.

When Wang Zhicheng returned to the bureau office, some comrades felt wronged, so they shed tears. However, pulling a long face, Wang Zhicheng cried out loudly: "What are you yelling for? The one whom was criticized is me, the bureau director, not you. Go ahead with your jobs. Being a party member or an official of the Communist Party means getting the worst of it and suffering from wrongs. I, Wang Zhicheng, will work together with you and make the old women happy. Otherwise, I will not be worthy of being a human being!"

True to his words, Wang Zhicheng managed to make gas supply normal in less than 2 months. Of course, they did not let the old women who made criticisms know what suffering they had endured.

Major and Minor Issues

"Doing solid work" and "boosting enthusiasm" are interdependent, with each promoting the other. More often than not, in this dialectical relationship there emerges a pleasantly surprising "philosophical phenomenon" between the party and the masses: Sometimes, what the masses view as a minor issue is regarded and handled by the party and the government as a matter of prime importance, and sometimes, what the party and the government come across and most troubles them, unexpectedly turns out to be a minor issue and can be done very quickly so long as it alerts the masses.

The 1976 Great Tangshan Earthquake added more ruins to the already fairly old and shabby city of Tianjin. A total of 51,000 households throughout the city had lived in temporary sheds up to 1981. There was a jingle circulating among residents in Tianjin that read: "Tianjin has three great strange things: Running water can be used to make salted vegetables; walking is faster than driving a car; and temporary sheds were erected but

never seen to have been torn down." After visiting Tianjin, Wan Li distressingly said: "Tianjin is the dirtiest and shabbiest city that I have ever seen."

On rainy days, the temporary sheds became a vast expanse of water. When telephone calls for help reached the district party committee and government, the party members and cadres just wanted to cry and could do nothing about it. They organized the masses to ladle water out. However, not having appreciated that, the masses said: "You can just do that. Can you do anything else?" At the end of June, Liu Fengyan, deputy chief of Hexi District, announced at a mass rally: "The temporary sheds will be removed this year!" The audience burst into laughter. One person said: "Can the thing that has remained unaccomplished for 5 years be done within 5 months? Step down and don't stand there bragging!" On 20 December, 5 months after the event, the thing that could not be accomplished for 5 years was finally accomplished. With tears in their eyes, the masses said: "We are convinced, really convinced."

Pleasantly surprised that the sheds were removed, the people also cleared their doubts and misgivings about the party and the government.

In 1985 the Hexi District authorities decided to rebuild the factory buildings in Beiyang. They were a clusters of buildings constructed in 1920, famous for their "triple jump." To put it another way, the roads were higher than the lanes, the lanes higher than the courtyards, and the courtyards higher than the houses. Once it was raining heavily, a lone old man who lived in a basement room would have drowned if his voice was not loud enough to be heard.

The district had 476 households. After a lot of brainracking, the district authorities managed to save four sets of houses for temporary accommodation for them. With heavy steps, Liu Fengyan, deputy secretary of the party committee and chief of Hexi District, mounted the platform of the mass rally, ready to be hooted off. He said slowly: "We guarantee that you will move to new houses a year later..." An old worker rushed to cut him short and cried out: "Old and young fellows, we have seen what the party and the government have done for us. What is the point to hold this rally anymore? Let's go home and think out ways ourselves." Everybody responded one after another.

At night, traffic was heavy. Some people went and sought refuge with relatives and others with their friends, each going his own way. The district authorities sent cars to carry pregnant women to the doors, they smiled, waved their hands, and then walked away slowly. The children gave their money for buying ice cream to the cadres, and old women gave their "private savings" to their children to rent rooms. While reporting the municipal leaders, Li Fengyan, sobbing with excitement, said: "The sheds can be cleared up within 15 days." It turned out that the task was finished in 2 days.

According to the plan, it would take several months to sink some 1,800 piles. The construction workers did the piling nonstop day and night. A row of residential buildings were five or six meters away from the construction site. One day, a team of housewives walked out of the buildings and pooled funds to buy cooking utensils and then made a fire and prepared meals for the construction workers. Moved, the workers said: "We have never met this before. We will never regret this even if we work ourselves to death." Later it turned out that the task was completed in 18 days.

December 26 was the birthday of CPC leader Mao Zedong. The district party committee picked the date as the day for holding a ribbon-cutting ceremony for turning Beiyang factory buildings into "new Beiyang neighborhoods." When the municipal leaders cut the colored ribbon, shouts of "long live the Communist Party!" burst out of a vast sea of people. A reporter took a picture of this moving scene, he named it "Wish," and then sent it to the municipal leaders. On the back of the picture, Comrade Li Ruihuan wrote some big characters reading "justice lies with the popular will."

Things in the last 2 years have become easier to handle. The dormitory of the Tianjin steel cable plant, which was built in the early days of the founding of the PRC and was in danger of collapse, was rebuilt the year before last. The reconstruction required 2.3 million in funds, but the municipal and district authorities only managed to earmark 1.5 million yuan for that purpose. How could the gap be bridged? Municipal and district leaders took the lead in donating money, and the plant's party committee secretary Zhao Lianyuan donated 1,000 yuan; he was also prepared to sell the color television set and refrigerator which he previously intended to give to his son as wedding gifts, but later he was stopped by cadres from the district authorities. In a matter of several days, the donations amounted to 160,000 yuan. However, that was not enough. The masses of people in Hexi District mobilized themselves and did voluntary labor. After coming off work, the workers rushed to work on the construction site. The saved construction fees were used to fill in the gap in the budget. After moving to a new house, a 7-year-old "little painter" who came close to being pounded to death while the removal project was under way, drew a picture depicting a clear and lively monkey carrying a big longevity peach with great effort and sent it to the municipal party committee.

"What is Called a Good Situation? The 'Officials' of the Communist Party Are Doing Solid Work For Common People"

In Tianjin the best public image that of "public servants." In appraising a cadre, the masses just want to see how much solid work he has done. Beginning in 1983, the municipality party committee and government did 20 "principal items" and several thousand "subsidiary items" of solid work for the people in both urban and rural areas every year. The heading of the annual work plan of a district or neighborhood party committee is "in

so-and-so year, a total of so-and-so items of solid work are to be done." Moreover, most of the items are related to the masses' daily concerns.

City dwellers go to work in factories, return home when off duty, and then close themselves behind the doors. People living upstairs do not know those living downstairs although they have been neighbors for years. In a district, more often than not, the district chief is not as "popular" as an ordinary actor or actress. However, few people do not know Zhang Haosheng, deputy secretary of the party committee and chief of Heping District. He likes to "saunter" and refrains from paying "private visits." So, when having a chat with ordinary people, he would always say: "I am a district chief. Feel free to tell me whatever difficulties you have."

One day in August of last year, the daytime temperature reached 40-plus Celsius degrees. Suddenly, at midnight or so, there came a roll of muffled thunder and the rain was pelting down. Heavens helped make people sleep soundly, but the rooms of the district party committee and government building were suddenly brightly lit. As usual when encountering bad weather, the district leaders would rush to their office rooms. Very soon the work was divided: Some people were assigned to look after telephone calls, others to go around the streets and lanes, and still others to go to JINWAN BAO [TODAY'S EVENING NEWS] to wait for people's visits. As expected, some people came to report that the rain was leaking in. Very quickly, every household was visited by responsible persons of the district authorities and the leaking houses repaired. Were there any leaking houses left unrepaired? The next day, it turned out that exactly one percent of the 140,000 houses were leaking, or only 14 houses [as published]. Some people said: "Let the housing management department send its men to repair the leaking houses if they have the time." Zhang Haosheng said: "They must send people immediately and not only if they are free. To us, it is only 1 percent of the total number of houses that leak, but to the people whose houses are leaking, it is 100 percent."

The district has a rule: District cadres should make sure that they handle official business separately in the 261 neighborhood committees on one Sunday a month with their shingles hung up. An old man whose first name was Feng said: "What is called a good situation? Officials of the Communist Party doing solid work for common people means a good situation."

Plans of Tan Shaowen and Nie Bichu

Li Ruihuan has been transferred to work with the central authorities. Tan Shaowen and Nie Bichu separately took up the posts of municipal party committee secretary and mayor. How do they approach the principle of "doing everything for the people and relying on the people in everything?" Tan Shaowen said: "The masses of people are most beloved. Their demands on the party and the government are not high. The masses of people are most

respectable. They are deeply conscious of the righteousness of our cause when they simplified the notion of "reliance on the people in everything" as "boosting enthusiasm." The masses of people are most fearful. If we fail to win their support, we will be unable to accomplish anything satisfactorily. They now have greater confidence in the party and the government, and have given greater support to the latter as they learned from their personal experience that "the water has become sweet, the roads broader, and the city more beautiful." To Lao Nie and I, the most basic thing to do in our work is that we should regard the advocacy of "doing everything for the people and relying on the people in everything" as the starting point and end result of our work, and we should make unremitting efforts to do solid work for the people with all our thought and energy."

The new secretary and mayor were appointed at a time of economic difficulty. In their opinion, the greater the difficulty, the more we as leading cadres of the Communist Party should keep the people at heart and do everything for them; even more so, we should mobilize, organize, and rely on the masses more. As soon as the two men assumed office, they went to basic-level enterprises and conducted investigations and study to gain a better understanding of where the crux of economic difficulties lay. They asked the masses to suggest ways and means. As they see it, when it comes to problems, if a small number of people cudgel their brains behind closed doors, more often than not, they can find no way out; but if they go among the masses and let them suggest ways and means, they will find dense willow trees and bright flowers [enchanted sight in spring time].

Doing solid work for the people requires money. At present, when local financial departments have considerable financial difficulties, can we still make consistent and untiring efforts to do solid work for the people? This problem was repeatedly discussed at a standing committee meeting of the municipal party committee convened by Tan Shaowen and an executive meeting of the municipal government called and presided over by Nie Bichu. The identical view was that the masses can tide over difficulties together with the party and the government and will not set excessively high demands. However, in any case, a leader should strive to do more solid work for the masses. At present, particular efforts should be made to do the things which require no or less money but promise greater results; things which the masses are most concerned with and call for most urgent solutions; and things which are attainable.

When Li Ruihuan was just transferred to Beijing, some people doubted if the new leading body could do solid work as always. More than 5 months have passed since then and, as everybody has seen, the 20 items of solid work set at the beginning of this year have been satisfactorily finished or are nearing completion. The supply of Chinese cabbage is ample; stovepipes and stoves can be bought more easily than last year; and the basic aspects of the people's life are relatively well attended.

Recently, the municipal party committee made a eight-point decision on cutting the number of meetings and documents to a minimum. Consequently, the number of meetings, documents, and ribbon-cutting ceremonies has been deeply cut and a large number of cadres are able to devote more time to going deep into the realities of life, conducting investigation and study, and doing solid work. The people elatedly found that not a single one of the many new moves taken by the new leading body was divorced from the basic line of thinking—"doing everything for the people and relying on the people in everything."

Commentator's Article

HK2212063189 Beijing RENMIN RIBAO in Chinese
4 Dec 89 p 5

[Commentator's Article: "Doing More Solid Work for the Masses"]

[Text] Reading the account of Tianjin municipal party committee and government doing solid work for the masses of people is truly moving. Learning that the masses roused their enthusiasm after experiencing the warmth of the party and the government is also deeply moving. With this close relationship between the party and the people, all undertakings led by the party will undoubtedly move ahead more quickly.

Doing solid work for the masses and letting them feel and understand that the party and the government "do everything for the people and rely on the people in everything" is a characteristic of the work of the Tianjin municipal party committee and government and of many other party organizations and governments as well. Our party's purpose is "serving the people wholeheartedly." The process of the party from its founding to growth in full strength is, in a certain way, one in which the masses feel and understand the party's purpose. Therefore, when the party's cause meets with obstructions and errors occur in its work, more often than not this means that we have deviated from or run counter to the purpose of "serving the people," thus one can say that doing solid work for the masses is our party's fine tradition and also its basic task. At any given time, our party has to inherit and carry forward this tradition and refrain from diluting it, still less discard it.

To do solid work for the masses, cadres of the party and the government should constantly pay attention to their voices and feelings, help them remove their worries and solve their problems in an down-to-earth manner, and bring them benefits. Comrade Mao Zedong said: "The first aspect of our work is giving something to rather than asking something from the people." "Only when this work is done and has really been successful can we win their support when we take up the second aspect of our work—asking something from the people." "So long as our comrades understand and coordinate these two aspects of our work with each other, we can be considered communist revolutionaries in the full sense.

Reviewing our achievements and mistakes in the past few years, we can find some experiences, positive and negative, in the construction of such areas as workstyle and ideology from the masses' sentiments. Those comrades who blame the masses for giving them inadequate support when difficulties crop up may find that they have succumbed to bureaucracy and cared for the masses inadequately if they examine themselves. It is only natural that the masses blame and oppose those comrades who always ask, rather than give, something from them—ask them to raise funds for this purpose at a time and that purpose at another time.

In doing solid work for the masses, first of all one must be willing to do so. Practical work can be found all the year long everywhere in areas ranging from basic problems in everyday life, such as houses, children and stoves, to demands in other aspects of life. The people are leading a plain life and their demands are generally not high. Therefore, it is not difficult to accomplish some things. What is difficult is to willingly and persistently foster the sense of being "public servants" and to willingly do solid work. So long as our comrades always keep the purpose of "serving the people wholeheartedly" in mind, solve problems one by one, and do solid work item by item, they will surely win the support of the broadest masses of people. Under this prerequisite, even if some things cannot be done immediately or cannot be done at all due to various reasons, so long as they explain the situation to the masses, they will also gain the latter's forgiveness.

The Communists do not have any interests other than those of the whole proletariat and the masses of people. If the party's cadres do more solid work for the masses and enlarge their competence to do so, they will be able to get the masses "united to fight for their own interests." In this sense, the masses are most beloved. So long as they do feel that the interests of the party and the people are identical, they will vow to adhere to following the party. The masses are most respectable. Once their enthusiasm is aroused, they will do their best to work for the party and the government enthusiastically and many difficulties previously difficult to tide over can be solved smoothly. The masses are also most fearful. Without their understanding and support, almost nothing can be accomplished.

Doing solid work for the masses appears to be a matter of workstyle. In fact, it is an important matter which has a bearing on maintaining a closer relationship between the party and the people and on the nature of the party. All party members, in particular party-member cadres, must always keep in mind the advocacy of "make fewer empty promises and do more solid work."

RENMIN RIBAO Answers Reader's Criticism

HK0501140190 Beijing RENMIN RIBAO in Chinese
31 Dec 89 p 3

[Article by Gan Wei (3927 3634): "Answering an Unknown Reader"]

[Text] Recently I received a letter written by "an ordinary student studying in the United States" which had passed through many hands. The letter criticized RENMIN RIBAO OVERSEAS EDITION. It is good for him to do so, and I must thank him.

But we cannot accept some of his opinions.

First, he says that RENMIN RIBAO OVERSEAS EDITION has deviated from the ideological line of seeking truth from facts. I.e. cites an example from an article entitled "The Person Called Wuer Kaixi" published on page 4 of RENMIN RIBAO OVERSEAS EDITION on 2 December (the article was formerly carried in LIAOWANG weekly). The example is concerned with the issue of Wuer Kaixi visiting prostitutes. Here, we quote a passage from the article: "Xiao Qiang (note: a schoolmate of Wuer Kaixi) also said: Disregarding his sense of honor, Wuer Kaixi visited prostitutes. He also spoke about this matter in public. Once when he returned to the dormitory, he told us cheekily: 'I am the happiest man in the world. Last night, a 'pimp' treated, and let me visit the prostitute for free.'" There was evidence for this matter, and the reader who criticized us could not produce any counter-evidence.

However, he said in his letter: "An article about Wuer Kaixi was published not long ago. The article said that when Wuer Kaixi was studying in the university, he once patronized a prostitute. I am surprised at this. I lived in Beijing for more than 20 years and never heard about brothels or prostitutes. This point alone has prompted us to suspect the truthfulness of the article." This is an arbitrary conclusion by the writer. Do you think that a fact which you know nothing about, or never hear about, does not exist? It was true that there was no brothel in Beijing because shortly after the liberation, brothels and prostitution were abolished. However, reform and opening up have also brought about some negative things. Prostitution has revived again. What must we do when flies come? We must kill them. At present, efforts are being made in Beijing and the whole country to "fight the six vices." The first vice we must fight is prostitution and patronizing prostitutes. RENMIN RIBAO OVERSEAS EDITION has reported this news, and the reader who criticizes us may read it.

Second, this reader also says that the wording of RENMIN RIBAO is too easy and common, and that it is illogical. He says: "There was a commentary entitled 'Living a Thrifty Life for Several Days.' It describes our national conditions as 'eating our fill but not necessarily being too full.' Is it not too common to describe our national conditions in this way?" According to his view, this is not only too common, but also illogical. If one eats again after eating his fill, he will have stomach trouble. Isn't that so? But the problem is that it is not our original wording. Our original wording is: "Our national condition has demanded that we eat our fill, but we cannot eat too well." We do not think that there is anything wrong with the wording. At present, China can only solve the problem of providing people with enough food and

clothing. We have not reached the standard of "being meticulous with fine food" as described by Confucius. It is a deliberate distortion to turn "we must not eat too well" into "we must not eat too full." It is completely groundless for him to do so. It might be fair for us to say that he is careless. There is collateral evidence supporting our view: Our 29 November editorial is entitled "On Living a Thrifty Life." But this reader has wrongly written the title of our editorial.

Notwithstanding, we welcome criticism by our readers. Even though their opinions are not correct, we must not blame them. "Blame not the speaker but be warned by his words." It is true that we need some improvement with regard to the contents and wordings of our newspaper. Criticism from our readers will encourage and spur our editors on. According to the principle of seeking truth from facts, I, as one of the editors, must also tell the truth.

I hope that the reader mentioned above will read what I have written, and read it more carefully.

Article Views Global 'Multipolarization'

HK1901141490 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 3, 15 Jan 90 pp 25-26

[Article by Wang Lin (3769 2651): "New Development in the Global Trend Toward Multipolarization"]

[Text] An important symbol of the great changes in the international situation is that the bipolar pattern, which has been maintained for more than 40 years since World War II, has been violently shaken and a multipolar trend has been developed. In the last year of the 1980's, the rapid development of the international situation, especially the fast growing economic strength of Japan and West Germany and the violent changes in the East European situation, greatly shocked the world. Of course, the change from a bipolar to a multipolar world is a comparatively long course. It is generally reckoned that in the future, the changes in the international pattern will be accelerated and there will be some new disintegrations and formations and new balances of strengths and international relations. The multipolarization trend will bring about new opportunities and challenges to the world, together with new difficulties and risks. The 1990's will be an unusual period, full of change and competition.

Great changes are taking place in Europe and the Asia-Pacific region. The pattern with the United States and the Soviet Union as the two poles has met a great challenge. The rise of Japan and West Germany has attracted worldwide attention. According to a report in NIPPON KEIZAI SHIMBUN, the gross national assets of Japan, which is already a large economic and financial power, are more than those of the United States and are now the biggest in the world. Japan's development aid in the 1989 fiscal year will also surpass that of the United States and become No 1 in the world. Japan has always maintained a big surplus in its trade with the United

States and its products have often aroused "panic purchasing" in the United States. Various U.S. circles are shocked and worried by this. Moreover, Japan has accelerated its trade, investment, and technological transfers in the Asia-Pacific region, especially in South-east Asia, in an attempt to establish an East Asian economic circle under its influence. The rapid economic development in West Germany, and the efforts of the European Community to establish a large unified market in 1992, are also aggressive. The United States reckons that West Germany has become the third economic power in the world after the United States and Japan. Its export volume has been consistently higher than that of the United States and Japan for years and is now the highest in the world. According to a Western European estimate, when the tariff barrier is eliminated in 1992, the GNP of the European Community will be increased by 5 percent, employment vacancies will increase by 2 million, and commodity prices will drop by 6 percent. Its competitiveness in the international market will also be greatly strengthened. While its trade frictions and financial disputes with Japan are being aggravated, the United States is also feeling anxious about the development of the European Community. It is trying to extend the free trade agreement with Canada so as to establish a free trade zone under its control. All these changes reflect that the position of the United States as leader of the world economy has been shaken. It is gradually being replaced by the formation of the United States, Japan, and West Germany. In world political affairs the United States also has to take the opinions of these allies into consideration.

Over the past few months, violent changes have taken place in the East European situation. The postwar Yalta pattern and the dividing line between East and West have begun to break up. Changes are also taking place in the pattern of strength. The existing differences and contradictions in Europe are being sharpened. The specter of German unification has appeared in Europe again, making the situation more acute and complex and sharpening the complicated contradictions between the United States, the Soviet Union, Western Europe, and Eastern Europe. Although people generally feel that the changes in the East European situation have taken place suddenly, they do have their profound reasons. For a considerably long time past, for both objective and subjective reasons, the East European countries have encountered great economic and political difficulties. They thus had a strong demand for reform. The economic and political reforms carried out in the Soviet Union over the past few years have strengthened this demand. However, sharp differences and disputes have also arisen among various political forces on the questions of whether to, and how to, carry out reforms, and what road to take. The further development in the contradictions has made the situation more turbulent. In addition, the Western countries, headed by the United States, are making use of this situation to exert influence

and infiltrate, making the situation more complicated and tense. It is possible that turbulence will continue in the future.

The economic and political reforms, and the problems and difficulties which have arisen in the Soviet Union, have also been much talked about and have aroused some conjectures. There are certainly great difficulties for the Soviet Union in reforming its long-established, extensive economy and the irrational industrial structure resulting from the arms race. It is also not easy to solve its long-standing domestic economic, political, nationality, and social problems. There are all kinds of opinions within the country and the obstructions and obstacles to reform are also increasing. The United States deems this situation a good opportunity to exert pressure on the Soviet Union and promote its evolution. It openly announced that it would adopt a policy that is more "courageous" than all the previous administrations and is "beyond containment" toward the Soviet Union. In fact, it is attempting to strengthen its tactic of "peaceful evolution" while continuing to contain the Soviet Union. Europe has once again become the focus of attention and center of rivalry for various forces.

The multipolarity trend has emerged since the mid-1980's with the confrontation between the two superpowers changing into dialogue and their tense mutual relations changing into relaxation. Over the past year or so the development of this trend has been accelerated. A main reason is that with the decline of their economic and political strengths, the influence of the United States and the Soviet Union on the world has been weakened. Since the end of World War II, both the United States and the Soviet Union have each led a military group and engaged in the cold war and the arms race. This resulted in the formation of a situation of East-West confrontation. Their contention that the Third World has extended the confrontation to various other regions. Now that more than 40 years have passed, neither can prevail over the other. On the contrary, they have both fallen into serious economic and political difficulties. The position of the United States as an economic and financial power is shifting and weakening and it has turned from a creditor into a debtor nation. Its financial and trade deficits have been kept at very high levels and both its internal and external debts are heavy. The Soviet Union has encountered even greater difficulties than the United States. Its economy has stagnated, its science and technology are backward, and its internal and external burdens are very heavy. It has encountered great economic difficulties. In light of their respective strategic interests and internal and external situations, both the United States and the Soviet Union need to cut their military expenditure and relax their mutual relations. For this reason, a situation of dialogue and relaxation appeared in 1985 after Gorbachev assumed power and Reagan was reelected president.

Another main reason for the acceleration in the multipolarity trend is that due to the imbalance in economic

development, new force centers have appeared. "Economic miracles" have appeared in Japan and West Germany, which were originally under the "protection" of the United States. With their fast and continuously growing economic strength, these two countries have become powerful rivals to the United States. Moreover, some old and new industrial countries and regions are also developing. Quite a few regional international communities have been strengthened. Groups of nations and integration are being expanded. The international movement for nonalignment, neutrality, and a nuclear-free world as its main aims, and with Third World countries as the main international body, is also expanding. The world has become, and is still becoming, more diversified and complex. It is impossible for the United States and the Soviet Union to disregard these changes.

Of course, the United States and the Soviet Union still have great influence on world political affairs. They are more superior in military affairs. For a considerably long period to come, the two powers and their mutual relations will continue to be important factors affecting the international situation. Due to their internal and external difficulties and the violent changes in the international situation, the United States and the Soviet Union will further strengthen dialogue, slow down the arms race, and relax their mutual relations. In early December 1989, Gorbachev and Bush held an informal meeting off Malta in the Mediterranean Sea. They will hold an official meeting during late spring or early summer in 1990. It is generally reckoned that U.S.-Soviet relations may develop even faster in future. In the sphere of arms control, there will be a breakthrough in their talks on strategic nuclear weapons. Certain agreements will also be reached in the talks on conventional disarmament in Europe to create conditions for their summit meeting on European security. On the question of regional conflicts it is also possible that some agreements will be reached. Trade relations and economic cooperation between both sides will be improved. However, both the United States and the Soviet Union have their respective strategic interests and plans. They will continue to be rivals and their competition and confrontation will continue. Their differences and contradictions will still be very sharp and complex and the development of their relations will not be smooth sailing. Moreover, with the acceleration of the development of multipolarity, old contradictions in the world will become more complicated and new contradictions will continuously occur. There will also be many new relationships and new conflicts. Relaxation and dialogue is a trend of today and is good for peace and development. However, it does not mean that peace is everywhere now. There are many unexpected instability factors. In some regions, the relaxation of certain relationships may become tense again and dialogue may be turned into confrontation. People in all countries must make further efforts to maintain peace and security and promote international development toward the orientation of relaxation and dialogue.

Great and violent changes are taking place in the world now, which are unprecedented in scale and influence, and in diversity and complexity, since the war [World War II]. There will also be some new maneuvers among various political forces in the world. The postwar U.S.-USSR bipolar pattern and the Yalta pattern will eventually be replaced by a new multipolar pattern. A common task for all countries is to establish a new international political order on the basis of the Five Principles of Peaceful Coexistence and promote the cause of peace and development.

Report Views Errors in 'River Elegy'

HK0601081190 Beijing RENMIN RIBAO in Chinese
19 Dec 89 p 6

[Report: "'River Elegy' is Riddled With Errors"—first paragraph is editor's note]

[Text] Some people who stick to bourgeois liberalization not only take a reactionary political attitude, but also present untruths in what they write. The author of "River Elegy" is one of them. They quote many references, comment on the past and present, and praise and denounce things. They act as if they are very educated. They have swindled some people of their acclaim. Nevertheless, most of their brilliant views and remarks are irresponsible. They just ramble, and we can find many commonsense mistakes in any of their works. From 9 August onwards, the BEIJING EVENING POST began to run a special column entitled "The Many Errors in River Elegy." It carries an article each day and 101 articles have already been published. They are aimed at exposing the fact that the author of "River Elegy" is superficial and innocent in his knowledge and that he has distorted and falsified historical facts and data. These articles can help us discover the facts and increase our knowledge. Today, some of these articles have been selected for our readers. [end editor's note]

Article by Guo Xuedi (6753 1331 2769): Not Only The Ancient Greek Civilization Is Exceptional

Chapter one of "River Elegy" begins with exaggerated words which say: "The British historian, Temple, has calculated that there have been 21 civilizations in human history, 14 of which have perished and 6 that are in decline. Only the ancient Greek civilization was transformed into an industrial civilization and this trend has swept the whole world." Is this true?

Yes, Arnold Temple mentioned 21 civilizations. They are: the Western civilization, orthodox Byzantine civilization, orthodox Russian civilization, Persian civilization, Islamic civilization, Hindu civilization, Far Eastern civilization, ancient Greek and Roman civilization, Syrian civilization, Red Indian civilization, Chinese civilization, Japanese-Korean civilization, Celtic civilization, Sumer civilization, Hittite civilization, Babylonian civilization, Egyptian civilization, Andean civilization, Mexican civilization, Yucatan civilization, and Mayan civilization.

These 21 civilizations were not "calculated" by Temple at any one time. They are discussed respectively in his work entitled "the Historical Studies" and are categorized under different situations and by different standards. They are categorized by regions, such as Far Eastern civilization; by religion, such as Islamic civilization; and by country, such as Russian, Chinese, and Japanese civilizations. The 21 civilizations do not necessarily stand side by side, although some are related.

If what is said in "River Elegy" is true, that is that all civilizations except the ancient Greek civilization are perishing or have perished, why does Western civilization—which the author strongly recommends in "River Elegy"—still exist? How can he explain the fact that the Soviet Union and Japan are highly developed in their economies and cultures?

Article by Shi Shi (4247 4258): What Is the Meaning of "Huang of Heaven and Hou of Earth"

There is a strange passage in "River Elegy" which runs: "Huangdi is the yellow earth. In other words, it is the same Hou of earth as the one mentioned in the saying 'Huang of heaven and Hou of earth' which the Chinese so often say and which means the mother of earth. This explanation is so silly as to make one laugh.

The Chinese claim to be the "descendants of Yan-huang." Yan refers to Emperor Yan, or Shennong. Since he was blessed by the gods, he became the "southern emperor of fiery virtue," hence Emperor Yan. Huang refers to Huangdi, that is Xuanyuan. Since he had the "virtue of earth" he was called Huangdi.

The Chinese character "Hou" in the "Huang of heaven and Hou of earth" does not mean "queen." Before the Shang Dynasty, Hou had the exact meaning of emperor. According to the "Explanation of Literature," a "Hou" had a human figure and gave orders to all corners of the world." For example, Hou ji and Hou yi. Hou yi was also called emperor Yi. After the Zhou Dynasty, the first wife of an emperor was called Hou.

Therefore, "Huang of heaven and Hou of earth" should mean "heaven and earth," or "the god of heaven and the god of earth." Hou represents empress and Huang represents emperor. "Because earth is lord of all creatures, it is called Hou." When Hou is used to mean the god of earth, it means "a place for sacrificial offerings." According to "the History of Chunqiu," "Julong, son of Gonggong was the god in charge of a place for sacrificial offerings." Whichever explanation you prefer, "Hou of earth" does not suggest any masculinity or femininity.

Article by Zhang Shutong (1728 2885 2717): Did Alexander the Great Ever See the Great Wall?

Chapter two of "River Elegy," entitled "Fate", has the following sentences: "The giant Plateau of Pamir and the Himalayas could not stop the Macedonian battle horses. But Alexander the Great, emperor of the ages, never knew that even if he had crossed the huge natural

barriers, the Great Wall, which was built by the emperor of the ages in the East, awaited him.

There are two obvious errors here:

First, the time is incorrect. Alexander the Great died of sickness in 323 BC, but construction of the Great Wall began in 214 BC after Emperor Qinshi obtained political power in 221 BC. Alexander the Great died more than 100 years before the Great Wall was constructed.

Second, the geographical location is incorrect. The Great Wall is situated in the northern part of China. When Emperor Qinshi unified China, he mended and joined the northern large walls of the countries Qin, Zhao, and Yan to resist the invading nomadic tribes from the north. The wall extends from Lintao in the west (in Min, Gansu Province,) to Liaodong in the east, whereas the Plateau of Pamir and the Himalayas are in the west in Xinjiang and Tibet, far from the Great Wall. If the descendants of Alexander the Great went all the way east and past the two natural barriers in the west of China, the Great Wall could never block their way.

Article by Xu Hongnian (1776 4767 1628): Emperor Qinshi and Alexander the Great

"River Elegy" states that Emperor Qinshi, "Emperor of the Ages," was never like Alexander the Great because he did not go very far. He used the thinking style and imagination of the emperors of the east to repair the Great Wall, of which Alexander the Great never dreamed."

As a matter of fact, as early as the 6th century BC, Greece built a great wall extending from Athens to Port Piraeus. It is not known whether the author of "River Elegy" intentionally plays down the Great Wall of China by avoiding mentioning this foreign great wall or whether he has not the slightest idea about this wall, which is mentioned in textbooks for primary and secondary school students.

Macedonia is a region with an area of only 20,000 to 30,000 square km. When Greece is added to it, the area is still less than 140,000 to 150,000 square km. After Alexander the Great conquered Egypt, West Asia, and Persia, the total area was still less than 3 million square km. After Emperor Qinshi unified the six countries of China, the Qin Empire embraced an area of 4 to 5 million square km. He opened up highways, traveled to many provinces and counties, and set foot almost everywhere he ruled. He finally died on one of his journeys. How could the author say "Emperor Qinshi did not travel as extensively as Alexander the Great?"

Article by Guo Xuedi (6753 1331 2769): Why Hold Emperor Zhu Yuanzhang Guilty of Resettling Nomadic People?

The second chapter of "River Elegy" states: "There has not been anyone in history like Emperor Zhu Yuanzhang, who tied the people to the ground." "Because he hated intensely those people who left their own land, he

moved them to the "remote areas." "Land and dictatorship have tied up the Chinese people for several hundred years. How can the Chinese have any idea of freedom and trade?" it asked. This is an unreasonable slur on Emperor Zhu Yuanzhang.

In 1368, Zhu Yuanzhang established his empire. By then, the Chinese economy had been seriously devastated. In order to restore production and develop the economy, he mustered nomadic people and sent them methodically and systematically to develop agriculture in such uninhabited areas as Shandong, Huainan, and both banks of the Huanghe. With the peasants' toil and sweat, the total area tilled amounted to over 8.5 million hectares. The population grew to 60 million, 7 million more than in the heyday of the Yuan Dynasty. This was very important in strengthening the new regime, establishing social order, and boosting economic development.

It is unjust to say that Zhu Yuanzhang's mustering of the nomadic people and sending them for pioneering development was "punishing those who left their own land by sending them to remote areas!"

Article by Fan Niao (0416 7680): "The Son of Heaven Worked in the Field of La With the People"

It is also mentioned in "River Elegy" that ancient emperors "tilled the land with the people." After the film "The Old and Wrecked Altar Foundation" was shown in Beijing, the following explanation of it was published: "Son of heaven and all ministers, let us come here to 'till the land with the people.'" With a gold-painted rack in his right hand and a whip in his left, and supported by two elders, the Emperor walked three steps over the ground which stands for an altar. This was considered "tilling with the people...."

The author of "River Elegy" apparently makes remarks without reference to what "tilling with the people" really means.

The son of heaven did not work "on the altar," he tilled the "field of La." In the "Revised Edition of the Comments on Ancient Literature" by Emperor Qianlong, it is recorded: "Xiannong Altar was placed in the Chuantan Temple and next to the Taisui Altar. It was made during the reign of Emperor Yongle." "Tainan is the field of La." This book has many records about "tilling the field of La" and confirms that the Emperor did not "work on the altar." The way the Emperor tilled the field of La is different from what was written in "River Elegy." The "Revised Edition of the Comments on Ancient Literature" has the following record about the first tilling ceremonies during the 15th year of the reign of Emperor Chongzheng of the Ming Dynasty: "First the High Emperor offered sacrifices on the altar and complied with the tilling ceremonies. The Commissioner of the Housing Ministry, Fu Shuxun, came in and started plowing. Another government official came in and started lashing the ground. With his left hand holding a farm tool and his left a whip, the Emperor walked three

steps on the ground with his plow and then continued until the land was completely tilled. While he was working, teachers of the people led the people in singing agrarian songs on both sides of the red banner. Two elders took care of the oxen and two others helped with tilling the land....."

Article by Huang Shaoming (7806 1421 2494): Did the Europeans Land on the Moon?

In chapter three of "River Elegy," it is said: "The first astronauts who landed on the moon are perhaps the most distinguished people of the times. However, they are all Europeans." Europeans are people from Europe. The fact is that they are all Americans.

Of course, the white people living in the United States are basically descendants of Europeans. Nevertheless, since the United States won its independence, it is no longer part of Europe. Now, the author says that the astronauts who landed on the moon are all Europeans. Is he mistaken in this respect?

Article by Wang Faxing (3769 3127 2502): "River Elegy" Contains Incorrect Historical Data About Huanghe

The film "River Elegy" contains many incorrect historical data about Huanghe. Here are a few examples:

First, in "River Elegy" it is said: "The main dam of the Huanghe was built during the early days of the reign of Emperor Guangxu." Actually the dam was not built toward the end of the Qing Dynasty. The dam in Zhengzhou, which was finished late, was during the reign of Emperor Kangxi. There is a time span of approximately 100 years between Kangxi and Guangxu.

Second, it says: "Just 20 years after the early year (1875) of Emperor Guangxu of the Qing Dynasty, Huanghe became a river on the ground." It sounds as if Huanghe was a river under the ground before this time. Actually it had long been a hanging river. The dam section at Yangqiao in Zhongmou of Zhengzhou broke in the 26th year of Emperor Qianlong (1761), and another section in the vicinity of Huayuankou of Zhengzhou broke in the 7th year of Tongzhi (1868).

Third, in "River Elegy" it is said: "Ants and rats are quietly nibbling at the main dam of Huanghe." The presence of ants and rats on the dam is nothing unusual. They are frequently caught and killed by people living near the river. In Zhengzhou alone, a total of 34,380 animals which are detrimental to the dam were caught and killed from 1951 to 1983. Of these, 42 were foxes. From 1951 to 1983, in order to find out why there were clefts in the main dam, people made 1.9 million hammer strikes on the dam in the countryside of Zhengzhou, which stretches for 32 km, to discover those clefts needing immediate refilling; reconstruction; and

cementing with sand, liquid sand, or even thick, pressurized liquid. The author of "River Elegy" has intentionally neglected this and is reckless in saying that "the ants and rats are nibbling at the main dam of Huanghe." He must be daydreaming!

Fourth, in "River Elegy" it is said: "River water in some sections of the Huanghe rises by 22 cm each year." If this were true, it should have already risen by 8.8 meters. How awful! The author did not mention which sections. Let us take Huayuankou for example, which is a typical section in the lower reaches of the Huanghe. In the 25 years from June 1954 to May 1979, the water level rose by 1.91 meters because of silting. If we do not include the 4 years of water discharged in Sanmenxia and divide the above figure by 21, the result is that water level rose by less than 9 cm. The author of "River Elegy" has amply exaggerated the silt volume. He must have an ax to grind!

Article by Ren Ke (0117 0668): The 200 Years Over Which the Chinese Grieve?

In chapter three of "River Elegy" it is said: "The 16th and 17th centuries are certainly 200 years about which the Chinese are sorry." In response to the impact of foreign cultures, "China at that time was not as receptive to them as it was during the Tang and Han Dynasties." The author holds that during the late Ming and early Qing Dynasties, Chinese culture lagged far behind that of the West.

I happen to have a book written by the Japanese historian Professor Shinobu Kiyozaburo. This book is an authority among Japanese historians. The following is a brief introduction:

"In those days, that is from the 17th century to the first half of the 18th century, China was ruled by Emperor Kangxi of the Qing Dynasty. To Japan and to Europe, China was a developed country. It did not introduce foreign cultures but spread its culture abroad." "Emperor Kangxi respected Western science, in particular French scientific culture. He had a special love for handicrafts made in Paris. Because he valued astronomy, the calendar, and mathematics of the West, he set up research institutes in his palace..."

"The American scholar Fei Zhengqing, a specialist in oriental studies, pointed out: Until a century and a half ago, China made more of an impact on Western life than the West did on China. When commenting on the mutual influence between China and Europe, the British oriental scholar Hudson even held that the influence China exercised over Europe was far greater than that it received from Europe. He says: China left indelible marks in the traditions of European cultures. It was far superior to its future conquerors and infatuated them."

"Even militarily, China was by no means inferior to Europe at that time. At the end of the 17th century, Russia came to the Heilongjiang River to scramble for land via Siberia, but lost its claim to the territory...."

Professor Shinobu says: "From the 17th century to the first half of the 18th century, when evaluating the mutual influence between East and West, we find that China was in a better position than Europe and Japan as far as trade was concerned. As for culture, it was by no means unfavorable for China."

If we objectively analyze and explain historical data we will see that until the 18th century, China was more advanced in various techniques and skills than Europe. Although at that time Europe made some sophisticated handicrafts, for instance watches and clocks, the mode of production and technological level did not fundamentally surpass China's. The imitation foreign clocks and watches placed in the Imperial Palace, which were made by craftsmen during the Qing Dynasty, demonstrated that China could almost attain the technological levels of the West at that time. Only since the end of the 18th century and the beginning of the 19th century was China overshadowed by the new industrial pattern brought about by the industrial revolution in Europe and were its technological levels and production scale of handicrafts surpassed.

Article by Bao Chun (0545 4783): Lin Zexu Was the First in the Qing Dynasty "Who Had the Whole World in View"

"River Elegy" has reduced national hero Lin Zexu, who "burnt opium in Humen," to a foolish and innocent person, saying that his "knowledge of the world had fallen back to the time before Matteo Ricci came to China." (Note: According to "River Elegy," Matteo Ricci came to China in 1582. He told the Chinese for the first time that they did not live in the center of the world, but in a certain place in the northern hemisphere.)

This is merely a slander against Lin Zexu.

Lin Zexu was born in 1785 and died in 1850. He went to Guangzhou to ban opium. He was not only an outstanding model who resisted foreign aggression, but also the "first person who had the world in view." As the anti-opium movement dragged on and the anti-British struggle continually developed, in order to understand the status of the Western countries to the interests of the struggle, he organized some people to translate foreign books and newspapers in his own office. He also had "the World Atlas" translated, which was written by an Englishman, Murray, and compiled into the "Records on the Four Continents." This book recorded the geography and histories of over 30 countries in the 5 continents of the world. It is China's first fairly systematic geographic book on the world. Later, his friend Wei Yuan revised and expanded his book, which was later known as the "Geographic Records of Overseas Countries." Lin later translated and compiled a book entitled "Chinese Matters and Barbarian Words," to understand how foreigners thought about and looked at Chinese matters, thus enabling him to take proper measures at the right time. Lin Zexu even attached part of the contents of this book to his memorial to Emperor Guangxu. This was a

very difficult thing to do at that time. Moreover, he purchased a 1,080 ton British-made Cambridge boat from an American firm and converted it into a battle ship. He bought 200 cannons from overseas and installed them in the strongholds of Humen.

Some diehard elements of the ruling group were deeply dissatisfied with some of the abovementioned acts by Lin Zexu. Qishan once blamed Lin Zexu by saying: "As a senior official of the Dynasty of Heaven, he spied on foreign matters all day." In view of this, Lin Zexu was by no means silly or poor in his knowledge of the world. On the contrary, he was one of the few in modern history who had the world in view.

Article by Liao Weizhang (1675 0251 4545): The Great Unification of the Country Is Beneficial to Economic and Cultural Development

In chapter five of "River Elegy," it is said: "The ghost of the great unification is wandering in China," and the author comments on this saying "the stubborn illness of ancient society." This is absolutely unreasonable.

"The great unification" means the unification of all parts of a country. China is a vast country and has many nationalities. The great unification, prosperity, and strength are the common hopes of all nationalities. The great unification can boost economic development, create a beautiful civilization, and establish fine national traditions.

In view of the history of China, whenever the country was unified, its economy developed and its culture prospered. Whenever the country was divided by warlords, invaded by foreign races, or involved in wars for consecutive years, large numbers of people were killed and enormous damage was caused to society. Examples can be drawn from the periods of the Three Nations, the Sixteen Nations during the Xijun Dynasty, and the Ten Nations during the reign of Emperor Wu. In China's prolonged feudal society, outstanding statesmen did a lot of things to safeguard the unity of the country and the integrity of territory, like Emperor Wu of the Han Dynasty, Emperor Taizhong of the Tang Dynasty, and Emperor Kangxi of the Qing Dynasty. They were praised for their contributions. Those who betrayed their countries for personal gain and who separated the country were the enemies of the Chinese people. This is reasonable.

Article by Xiao Liu (2556 3177): Is the Mediterranean Inhabited Solely by Europeans?

In "River Elegy," the author propagates the advancement and openness of Europe and the United States and ridicules the backwardness and conservative character of China. In chapter two it says: "The Chinese do not live in the Mediterranean as do the Europeans, nor do they live between the Pacific and Atlantic Oceans as do the Americans." There is a vital mistake in this as it states that the people living in the Mediterranean are all "European races."

Anyone with a little geographic knowledge knows that "European races" live on the northern coast of the Mediterranean. On its southern coast there are Asian countries such as Turkey, [as published] Syria, and Lebanon; and African countries such as Egypt, Libya, Tunisia, Algeria and Morocco.

China is located in the west of the Pacific Ocean. Who made "the Chinese live in the vicinity of the Pacific Ocean?"

Article by Huang Shaoming (7806 1421 2494): Plato and Emperor Qixuan Lived in the Same Time?

There is a passage in chapter three of "River Elegy": When Emperor Qixuan founded the Jixia School and assembled scholars from all schools, Plato also founded a school at Athens in the Mediterranean where Aristotle received his education." The author falsifies history at will.

Plato founded a school in 387 BC, 68 years before Emperor Qixuan was enthroned (in 319 BC). When Emperor Qixuan succeeded to the throne, Plato was no longer in the human world (he died in 347 BC) and even his student Aristotle had passed away (he died in 322 BC) 3 years before Emperor Qixuan's enthronement. Is it not ridiculous to say that Jiaxia School and Plato's School were founded at the same time?

Article by Gong Hua (7255 0553): Where Is Zhu Geliang Buried?

The author of "River Elegy" uses the example of Nanyang to show that both knowledge and intellectuals were neglected in traditional Chinese culture, saying: "Three distinguished historical persons were buried in Nanyang, but they received different treatment after their burial. The respect and indifference they received apparently discloses the mystery of history to us." The three persons under discussion in "River Elegy" are the great scientist Zhang Heng, celebrated physician Zhang Zhongjing, and Zhu Geliang, prime minister of the Shu Nation.

This is an irresponsible remark.

Everyone who has read the history of the Three Nations knows that in the 12th year of Jianxing (AD 234), Zhu Geliang led a great army in a battle in the Qishan Valley. Chen's soldier, Wu Zhangyuan, was confronted by Sima Yi. One hundred days later, Zhu died of a severe illness in the military campaign. According to his will, his body was buried in Dingjun Hill in the southeast of Mian County, near Hanzhong in Shaanxi Province. How on earth was Zhu Geliang buried in Nanyang?

After Zhu Geliang's death, people of the Shu Nation offered him sacrifices in the wilderness. With the consent of Liu Chan, a memorial temple was built for the people to remember him.

Zhu Geliang was both a great statesman and a learned scholar. His work "Instructions for a Military Mission," is still very passionate and touching. According to

legend, he invented a vehicle known as the "wooden ox and flowing horse," namely, the rooster coach. It is still the vehicle in some villages of Sichuan Province. Zhu Geliang is the personification of wisdom and has been admired by people down the centuries. This is the respect paid to intellectuals.

Article by Zhang Shutong (1728 2885 2717) and Lao Ao (5071 1264): Zu Zhongzhi and Song Yingxing Were Not Simple and Ordinary People

Another passage appears in "River Elegy": "Who has ever seen the tombs of the great scientists Zu Zhongzhi and Song Yingxing, who lived simply and plainly all the days of their lives?" This sounds as if Zu Zhongzhi and Song Yingxing were ordinary people who had never taken up government posts. This is nonsense.

"Zhongzhi was well versed in ancient affairs and had much wisdom. Emperor Xiaowu sent him to Hualin School and endowed him with a residence, carriages, and clothes. It is clear that Emperor Xiaowu of Liusong regarded him highly. In the "Record of Zu Zhongzhi," it is said: Zu Zhongzhi's first government post was as "a military officer in Nanxun Province." Then he "took up senior posts in various provinces." At this time, he invented a direction-guiding instrument. After examining the calendar he had invented, Prince Wenhui recommended it to Emperor Xiaowu for use. But it was never used as a result of the death of Prince Wenhui. Not long after, Zu Zhongzhi "took up a post as a Navy lieutenant." "During the Jianwu period, Emperor Ming intended to send him to different places for various undertakings that were in the interests of the people, but because a battle broke out in Huilian, he was prevented from carrying out his duties."

Song Yingxing was a celebrated Chinese scientist during the Ming Dynasty. It is recorded in the book entitled "Chinese Ancient Scientists": "Song Yingxing's other name was Changgeng. He was a native of Beixiang, Fengxin County, Jiangxi Province. He was born to a government official and landlord in the middle of the Wangli period (AD 1615). In the 43d year of Wangli (AD 1615), Song Yingxing and his older brother, Song Yingsheng, sat for a provincial public examination in Nanchang Town and passed with outstanding results. In the examination, Song Yingxing ranked first and his brother sixth.... In the 7th year of Emperor Chongzheng (AD 1643), Song Yingxing was appointed teacher for Fenyi County, Jiangxi Province. In the 10th year (AD 1637), he published a work entitled 'The Works of Heaven and Creatures.' In the 11th year (AD 1638), he was appointed a government official in Dingzhou County, Fuzhou Province. In the 14th year (AD 1641), he became chief of Haozhou County, Anhui Province. He retained that position until the last year of Emperor Chongzheng (AD 1644) when he returned to Jiangxi, his own province. He died during the reign of Emperor Shunzhi of the Qing Dynasty."

Thus it can be seen that both Zu Zhongzhi and Song Yingxing were not "simple and ordinary people all the days of their lives."

Article by Huang Shaopeng (7806 1421 2590): Why Did the Translation of "The Basic Theories of Geometry" Come to a Halt?

It is said in "River Elegy": "Matteo Ricci brought 15 volumes of "The Basic Theories of Geometry" to China. He worked with Xu Guangqi and translated six of these volumes. When the Ming Dynasty ended, translation was suspended for a total of 200 years.... "The new impetus in the growth of Chinese culture came to a premature end as a result of the continuous and periodic turmoil." This is not a historical fact.

The Italian Catholic priest Matteo Ricci arrived in China in 1582. He began translating the 15 volumes of "The Basic Theories of Geometry" in cooperation with Xu Guangqi. They completed the translation of 6 volumes. During this time, Matteo Ricci requested a halt to translation and suggested that "the translated work be used first. If it proves effective, Xu can continue to translate the rest." Not long after, Matteo Ricci died of illness. 20 years afterwards, in 1633, Xu Guangqi died also. The two translators died so the translation of "The Basic Theories of Geometry" naturally came to a halt.

The Ming Dynasty ended in 1644, 34 years after the death of Matteo Ricci and 11 years after the death of Xu Guangqi. What is the relationship between the fact that the Ming Dynasty ended and the translation of "The Basic Theories of Geometry" was suspended?

Mathematician Li Shanlan and an Englishman called Williams cooperated in translating the remaining nine volumes of "The Basic Theories of Geometry." They were published in 1857, 250 years after the first 6 volumes were finished. This is not "a total of 200 years" as said in "River Elegy."

Article by Bao Chun (0545 4783): Zheng He Makes A "Political Journey" to the West?

The author of "River Elegy" says: "The journey made by Zheng He was merely out of political concern. People praise him for being a gentleman 'who did what was proper and did not seek his own interests.'"

The fact is just the contrary. It is recorded in "The History of the Ming Dynasty: "Emperor Chengzu thought Emperor Hui was in exile abroad and wanted to find him. He also intended to send his troops abroad to show the strength and wealth of China." There were two obvious reasons for the journey: first, it was to search for Emperor Hui, and second, to show off the Emperor's military strength in another country.

On his way to the West, Zheng He exchanged some precious treasures in Adan in the Arabian Peninsula (which is now known as Aden.) At the old port, Chenzui, a local emir, was arrested and then brought to the "capital city for execution" because he had attempted to

attack the fleet of ships. In Ceylon, King Alikunrar treacherously intended to lead Zheng He into the inner part of the country, demand gold coins from him, and then send his soldiers to rob the fleet. However, his plan was discovered by Zheng He, who then successfully sent some 2,000 people to attack the king's city and arrest Alikunrar, his wives and sons, and his officials and servants. On the island of Sumatra, the previous prince, Suganchiya, also sent his troops to attack the fleet. Zheng He fought energetically and finally routed the enemy troops, chasing them as far as Nanlali, and captured Suganchiya.

Zheng He's journey to the West not only succeeded in "showing off military strength abroad," but also carried out the open-door policy of Emperor Chengzu of the Ming Dynasty and helped strengthen the economic and cultural exchanges between the Chinese people and the people of various countries in Asia and Africa. The results were: It stimulated the growth of various industries producing domestic commodities such as silk and pottery. On the other hand, medicines, spices, cloth, and the like produced in these Asian and African countries could be imported to China.

Zheng He was accompanied by Ma Huan, Fei Xin, Gong Zhen, and others on his journey. In his books "The Records of Yinya," "The Records of Xingchun," and "The Records of Various Barbarian Countries in the West," he put down what he had seen and learned personally on his journey. These books provide us with precious information in the study of the history and geography of the region.

Therefore, Zheng He's journey to the West was not "merely for political reasons." Zheng He himself fell short of being an "honest gentleman who sought no profits for himself."

Article by Sun Shen (1327 0639): Strange Comparisons

In order to justify that "the 200 years of the 16th and 17th centuries were the ones about which the Chinese grieve," the author of "River Elegy" makes two ingeniously invented comparisons: First, "while Wang Yang-ming sat quietly in a bamboo chair, Da Vinci was dissecting the body and painting the Mona Lisa; Magellan had finished his earliest round-the-world navigation; and Copernicus was about to publish his "Theory on the Revolution of the Planets." Second, while Gu Yanwu was devoting his time to correcting the old sounds of words, Galileo invented the telescope; Howe published his work on blood circulation; and Newton his on advanced calculus." His conclusion is that "while Westerners were studying astronomy, the human body, levers, and chemical materials, the Chinese were studying literature, words, and old paper documents."

It is strange why the author compares incomparable things. Wang Yangming is a philosopher and Gu Yanwu is a thinker. Their fields of study fall into the scope of the

present-day social sciences. How can he compare persons specializing in social scientific disciplines with those in the natural scientific disciplines of the West, such as the physician and navigator? In fact, at that time Li Shizhen was writing his "Categories of Herbs" which contained 190,000 Chinese characters; Xu Guangqi was translating "The Basic Theory of Geometry" and writing the "Book on Agricultural Management;" Song Yingxing was editing a book known as "The Heaven's Creation" which dealt with ancient scientific and technological matters; and Xu Xiake was making observations.... Should we forget mentioning the achievements they made?

It is also strange that the author only mentions the weaknesses of someone and forgets about the rest of his achievements. Let us take Gu Yanwu as an example: When he was young, he joined a struggle against bad government officials and aristocrats. When the Qing troops began to invade China, he joined his countrymen in an uprising against them. He was very learned and famous in those days. He studied widely and made outstanding contributions to the country's laws, regulations governing counties and cities, astronomy and the stars, military strategy, history and various schools of thought, and correcting the sounds of words. How then can the author call this distinguished scholar one who "corrected the old sounds of words" and blame him for the backwardness of Chinese science and technology?

Article by Gong Hua (7255 5478): We Must Not Mix the Plot of a Film With the Historical Facts

Films which are based on historical facts are not historical facts themselves. However, when mentioning the Sino-Japanese War of 1894-1895, the author of "River Elegy" uses the plot of a film but not historical facts. Let us examine it: "The direct cause of the failure of the sea battle during the Sino-Japanese War of 1894-1895 was that a certain corrupt contractor filled the cannon shells with sand. The Chinese Fleet, which assembled in the shape of a crescent, did not know which command to follow...."

The sea battle in Huanghai on 17 September 1894 was commanded by Admiral Governor Ding Yuchang. Unfortunately, at the beginning of the battle he was seriously wounded. Command then fell onto the shoulders of his deputy, Liu Buchan. Liu commanded the crew on board the destroyer "Dingyuan" and succeeded in sinking an enemy destroyer. He also sank the destroyer from which the chief commander of the Japanese military command department was giving commands for the battle. When captain Ye Zugui, who was on board the destroyer "Dingyuan", saw the mast break, he volunteered to take command of the battle in place of the commander in the banner ship. Judging from this, we cannot say "no one knew which command to follow."

Article by Huang Shaoming (7806 1421 2494): "Naval Rights Lead To Democratic Revolutions" Questioned

In chapter six of "River Elegy" it is said: "Naval rights led to democratic revolutions" and "the main social concern of the Western bourgeois revolutions was opening up sea routes in Europe."

If this argument were right, democratic revolutions would start first in Spain and Portugal, which were the most developed in the field of navigation during the 15th and 16th centuries. But, as everyone knows, the facts are just to the contrary. Bourgeois democratic revolutions came very late in these two European countries.

Article by Guo Xuedi (6753 1331 2769): When Did Yan Fu Become Ito Hirofumi's Schoolmate?

In chapter six of "River Elegy," it is said: Yan Fu, a great Chinese teacher in modern history "finally returned to the bosom of the philosophy of Confucius and Mencius. Ito Hirofumi, his schoolmate at Greenwich Royal Naval College, was reelected Prime Minister of Japan. He made these islands one of the strongest countries in the world."

There are serious mistakes in these two sentences.

History tells us that Ito Hirofumi went to England to study naval military technology. He remained there for only half a year. At that time, Yan Fu was only 9 years old. Following the Meiji Reformation, Ito took up a post in Bingku County as an adviser in 1868. He won merit for quelling a rebellion instigated by Saigo Takamori in Kagoshima in 1877 and was awarded the Medal of the Sun. In 1878, he was appointed minister for home affairs. Yan Fu, however, studied at Britain's Greenwich Royal Naval College from 1877 to 1879. How could they be schoolmates?

In the 1870's, Higashigo Heihachiro studied naval development at Greenwich Royal College. He later became captain of the Japanese destroyer "Lansu" and was consequently promoted to Admiral General and Marshal. It would be more reasonable to assume that Yan Fu was a schoolmate of Higashigo Heihachiro (Higashigo Heihachiro studied in England in 1871, 4 years before Yan Fu).

After he completed his education in England in 1879, Yan Fu taught in the Tianjin Northern Sea Fleet School for 20 years. He always advocated reformation ideas. Within the 10 years after the unfruitful Manchurian Reformation, Yan Fu was devoted to systematically introducing and spreading Western capitalist culture. His "finally returning to the bosom of the philosophy of Confucius and Mencius" began after the revolution of 1911. However, in 1906 Ito Hirofumi was assassinated by a Korean patriot in Harbin, in the northeast of China.

Commentator's Article Urges Learning From Miners*OW2301124790 Beijing XINHUA Domestic Service
in Chinese 0850 GMT 22 Jan 90*

[XINHUA commentator article: "Learn the Spirit of Dedication of Coal Miners"]

[Text] Beijing, 22 Jan (XINHUA)—Chinese coal miners set a new production record of 1.04 billion metric tons of crude coal last year. This output yielded 6,000 trillion calories for people of the entire country.

To provide light and heat to the state and people, 7 million coal miners in the country work hard deep underground where no sunlight during any part of the year. According to calculations, coal miners working underground have to expend more than 4 kg of sweat to excavate 1 metric ton of coal; thus, to mine more than 1 billion metric tons of coal, coal miners across the country had to shed over 4 million kg of sweat. In addition, some people lose their precious lives every year in pit collapses, gas explosions, and other accidents. Giving no thought to their lives, however, coal miners shed sweat day and night and quietly contribute to the state and people year after year. This spirit and image—"burning" oneself in order to bring light and warmth to the world—so closely resemble the coal that burns in furnaces!

Coal is China's most important energy source. Production work cannot proceed without coal for even one day. The daily lives of the people cannot be maintained without coal for even one day. The state and the people need coal. This is the supreme order given to coal miners, and the common goal of millions of coal miners. Coal miners have vowed unequivocally that in order to produce more coal, we will dig deep into the earth and excavate all the coal we have. This attitude of putting the interests of the whole above everything else, and the sense of responsibility of being the master voluntarily solving difficulties for the country anytime and anywhere, are the source of the coal miners' great spirit of dedication.

Mining coal involves dealing with hard rocks and ever-changing geological strata. The coal excavated by Chinese coal miners in 1 year is enough to build 10 Great Walls. Coal pits developed in one year are as long as four underground tunnels from Beijing to Urumqi. Imagine the many dangers and difficulties that would be encountered, and the many life-or-death battles that would be fought, in carrying out such huge work. It is with this unyielding will and undaunted spirit that coal miners overcome all difficulties and press forward indomitably. It is this selfless spirit of dedication that casts in steel the invincible army of Chinese coal miners.

We should learn from coal miners and their spirit of dedication of "burning" oneself to bring light and heat to the world, promote the spirit, and transform it into a huge material force for rejuvenating the Chinese nation.

There are people who are fond of taking but not contributing to the state, society, and people. These people believe in an extreme egoism that refuses to make the slightest personal sacrifice for the interest of the whole. The outlook of these people on life and their values are completely incompatible with socialism. They should compare themselves with coal miners, and spur themselves ahead.

I hope people of all trades across the nation will learn the spirit of dedication of coal miners!

Military**Yang Baibing Views Army Political Work***HK2301032790 Beijing JIEFANGJUN BAO in Chinese
19 Dec 89 p 1*

[Article by Liu Guohua (0491 0948 5478): "At an All-Army Political Work Meeting, Yang Baibing Explains 'Several Questions On Strengthening and Improving Army Political Work in New Situation'"]

[Text] Yang Baibing, general secretary of the Military Commission and director of the General Political Department, at an all-Army political work conference on 11 November gave explanations on "several questions on strengthening and improving Army political work."

Yang Baibing, vice chairman of the Military Commission pointed out early last year that we must pay attention to the problem of how to accomplish ideological and political work, given the new situation of reform and openness and development of a socialist commodity economy. As soon as the problem was raised, it drew strong response from the whole Army. Various People's Liberation Army [PLA] units universally started studies and achieved considerable results. The turmoil and counterrevolutionary riots in Beijing set us to pondering anew many major issues in our political work. We have acquired a new understanding and deeply feel that there is a need to further unify understanding on many problems of ideological awareness. The line between issues of right and wrong must be further defined. Some experiences and lessons must be further summed up. A basic idea in calling this conference is to pool together and upgrade the results of research in strengthening and improving ideological and political work in recent years under a new situation and form a guiding document that is more relevant to given targets and capable of solving problems.

Yang Baibing stressed that the theme of this document may now be summed up as: Energetically strengthening political construction and guaranteeing the Army being forever up to the mark politically. This is the soul that permeates the document.

He said that in the half year since the suppression of the counterrevolutionary riot in the capital, there have been some major changes on the international and domestic

scenes. We must have a cool-headed analysis of the situation and tasks confronting political work and have the feeling that the theme of the document must not only reckon with such a general background as reform and openness and development of a socialist commodity economy, but also take into consideration the realistic danger of the "peaceful evolution" strategy promoted by international hostile forces, the protracted and arduous nature of struggle against liberalized bourgeois thinking, the peculiar missions assumed by the Army, and some important circumstances.

Given the new situation, Army political work is full of complexities. Many problems need to be solved. But most importantly, we must properly solve the problem of how to guarantee the Army forever measuring up politically, so that we can stand the "three tests"—struggle against "peaceful evolution," reform and openness, and an environment of peace. Our Army is the strong pillar of the people's democratic dictatorship. It must discharge its own functions well, take good care of military training, handle preparations for war on a solid basis, and increase the capacity of rear services as a safeguard. These are undoubtedly very important. But strengthening the firm political stand of cadres and fighters and guaranteeing the rifles being grasped by politically reliable people are matters of top importance that must be taken note of at all times. In no way can we treat them lightly. If this problem is not properly solved, there would be an effect not only on the building and stability of army units but also on the lasting peace of the state. In studying political work in a new situation marked by reform and openness and the development of a socialist commodity economy, we must get hold of this fundamental problem from this high plane. In the future, we cannot avoid running into new political storms. Given the neglect and relaxation of political construction and no effort in solving the problem of being forever up to standard politically, it is very difficult to guarantee Army units responding to the party's commands at crucial moments. Then a historical mistake on our part is likely.

Touching on the problem of paying attention to upholding the fundamental spirit of the Central Military Commission's "Decision On Army Political Work in the New Period" and maintaining the continuity of work, Yang Baibing said: The 1987 "Decision" provides correct statements and regulations concerning guiding thoughts, main tasks, general and specific policies and fundamental methods related to Army political work. We must continue resolutely carrying out the "Decision." To properly handle the relations between this document and the "Decision," we must not only uphold the fundamental principles and demands of political work defined in the "Decision" and maintain the continuity of work but also take into full account changes in the developing situation, seriously studying new conditions and solving new problems, with development and progress achieved in some respects. Since the 13th National Party Congress, the continued deepening of reform and openness and the rapid development of the

socialist planned commodity economy have produced an extremely widespread and profound impact on the Army building effort, including political work. The turmoil and the counterrevolutionary riot between this spring and summer have further posed some problems that need to be deeply pondered and studied, such as the problem of being forever up to the mark politically, the problem of preventing "peaceful evolution" and opposing bourgeois liberalization, the problem of penetratingly conducting education on the four cardinal principles, the problem of doing political work well given a commodity economy, the problem of educating PLA units in correctly treating the readjustment of the relations of interests in improvement and rectification and the deepening of the reform, and so forth. Therefore, the document, on the one hand, reaffirms some fundamental principles in the "Decision". On the other, it lays emphasis on answering and solving some new problems appearing in political work in a new situation. This enables the document and the "Decision" to have their own points of emphasis and to be closely linked up and organically unified.

Touching on the problem of correctly analyzing and estimating the state of army political work and persistently combining strengthening with improvement, Yang Baibing stressed how to look at the state of Army political work in these few years, given no clarification of this problem, any talk about strengthening and improvement would have no objective basis and no target. It should be said that in these few years, under the leadership of the party Central Committee and the Central Military Commission, Army party committees, leaders and political organs at various levels, and the masses of political cadres have seriously studied a series of directives from Chairman Deng Xiaoping on army construction in the new period and resolutely resisted the erroneous trend toward relaxing and weakening ideological and political work. Army political work has advanced when it comes to removing interference and development in continuous exploration. On the whole, Army political work has a firm and strong basis. Some comrades have summed up Army political work in four lines: "The banner has not been toppled. The tradition has not been dropped. The ranks have not fallen apart. The position has not been lost." This is compatible with reality. Of course, we should realistically note that given the social relaxation and weakening of ideological and political work, army political work has also been, to different degrees, affected by some negative influences, with problems of this kind or that existing. To do a good job of political work in the new period, we must act in accordance with the party's fundamental line and the general demand for the building of a modern and standardized revolutionary army, and direct efforts toward "strengthening" and "improvement." On the one hand, we must energetically inherit and carry out the fine traditions of political work of our party and our Army formed in a long period of revolutionary struggle. As to fundamental guidelines, fundamental principles and fundamental systems that have been tested in practice,

we must at all times be firm and unshaken in our convictions. On the other hand, with regards to objective circumstances facing us, external conditions, work assignments and changes in conditions about targets of education and the ranks of political cadres themselves, we must show the courage for reform and practice, looking for a new path, creating new rules and regulations and continuously improving the results and quality of political work.

Yang Baibing also stressed that as far as all the Army's political work is concerned, there is at present the need for the general headquarters to come up with concrete policies, systems, measures and methods. But given the appearance of new conditions in a big way and given interference from bourgeois liberalization, what is more urgent is to unify some ideas in understanding and clarify some guidelines and principles. For instance, given the rapid development of the commodity economy and the general strengthening of people's sense of material interests, is it still necessary to put political work in the place of a lifeline?

In the face of adverse currents on the international and domestic scenes that promote "separation of the party and the Army" and "nonpoliticization of the Army," how should we uphold absolute party leadership over the Army? What should be the place assigned to education on the four cardinal principles in the political education for the Army? In the initial stage of socialism, is the standard for the training of revolutionary soldiers with "four requirements" too strict? How should we uphold in an overall manner the guideline of "modernizing" the ranks of cadres and insist on putting revolutionization first. If we should fail to properly unify the awareness of the whole Army at all levels on these matters related to the direction and principle, political work is likely to deviate from the right track. This would make it difficult to guarantee the Army being forever up to standard politically.

Yang Baibing also touched on the problem of how to uphold the idea of everything having two aspects in political work and strive to avoid one-sidedness. He said that overlooking science and practicing metaphysics and putting things in absolute terms in political work are a common mistake often made by some comrades. In the past, we suffered too much in this respect. After an effort to bring order out of chaos, this problem has aroused vigilance and has been overcome to a very large degree. But it cannot be said that the problem has been entirely solved. Judging from things in the past few years, the problem of being one-sided and putting things in absolute terms still exists. In stressing one problem and rectifying one trend, some comrades often go from one extreme to another. Given lessons in this respect, the document has paid attention to upholding the idea of everything having two aspects in regard to some basic problems. For example, in stressing the position and role of political work, it not only opposes relaxing and overlooking the erroneous trend of political work but also opposes putting political work "first" and "above

everything." In stressing the ideological and moral building of army units, it not only stresses firmly and unswervingly training revolutionary soldiers in line with the goal of "four requirements" but also calls for distinction between different levels and progress being gradual. In stressing the establishment of a strong spiritual pillar, it not only calls for promoting the spirit of selfless dedication to service but also emphasizes concern over the material interests of cadres and fighters. In stressing the implementation of the guideline of providing enlightenment in ideological work, it not only calls for moving others emotionally and convincing others with the exercise of patience but also emphasizes convincing others with the use of reason and launching an active ideological struggle. In stressing the correct handling of contradictions and disputes between military areas, it not only emphasizes the need for Army units to set themselves strict demands and take the initiative to consult with each other on how to handle things but also suggests that if necessary, a solution may be obtained through the use of legal means.

Yang Baibing at last said that in the process of concretely drafting documents, we must pay attention to arousing activism at both higher and lower levels and pooling mass wisdom. Regarding some important and difficult problems, various major units, heads of political affairs research offices and relevant personnel in Beijing were summoned up successively on 3 occasions to study 10 problems to be worked upon and provide data in written form. Views from various units were seriously studied by us. With the exercise of great patience, we went through relevant papers, one by one, making revisions and trying in every possible way to absorb everyone's good views and the results of research by Army units. In 1 year, many comrades of the whole army have put in great effort and spent a lot of time. It should be said that this document is the result of common research by the whole Army and the product of collective wisdom.

Chi Haotian Meets Armymen in Lei Feng Campaign

*OW2301120490 Beijing Television Service in Mandarin
1100 GMT 21 Jan 90*

[From the "National News Hookup" program]

[Text] [Video shows street stalls where service members are shown repairing television sets, radios, and pots, and cutting peoples' hair. Chi Haotian and other officers are seen shaking hands with service members and civilians] Some 10,000 officers and men from organs of the General Staff Department in Beijing braved bitter cold this morning to start a day emulating Lei Feng. General Chi Haotian, member of the Central Military Commission and chief of the General Staff; Lieutenant General Xu Huzi, deputy chief of the General Staff, and other leaders came to the area greatly interested in seeing the cadres and fighters taking part in this campaign. They also extended cordial Spring Festival greetings to the masses there.

Sponsored by the General Staff Departments, this large-scale campaign to emulate Lei Feng was carried out at more than 50 spots on Beijing streets and lanes. In the course of this campaign, officers and men have publicized the significance of emulating Lei Feng under the new circumstances and have rendered with enthusiasm and patience various voluntary services to the masses inside and outside the Army.

People's Liberation Army Practices Austerity

OW1601012990 Beijing Domestic Service in Mandarin
2230 GMT 14 Jan 90

[Text] The People's Liberation Army [PLA] has implemented the Central Military Commission's principle known as the *liangbao sanya* [two guarantees and three restrictions] in a conscious effort to keep its interests subordinated to that of the country's economic construction, and practice austerity. According to estimates by the concerned department of the PLA Headquarters, the PLA in 1989 slashed its various expenditures by a total of 520 million yuan. Of this, 400 million yuan came from the cancellation of investments in more than 180 large and medium-sized construction projects, which were either stopped or postponed. The PLA's expenditure for the period between the first and third quarters came to only 69 percent of the amount budgeted by the state for that period.

While vigorously practicing the principle of *sanya* [three restrictions], the various PLA units have striven to make the best of their limited funds by reducing expenditures and broadening sources of income. It is learned that, in 1989, the PLA vigorously developed agricultural and animal husbandry production with focus on planting crops and breeding animals and aquatic products. As a result, the PLA was able to produce 1.2 billion jin of grain and legume, over 1.34 billion jin vegetables, 320 million jin of meat, fowl, eggs, and fish, and 420 million jin of fruit. The income realized was used to help pay for expenses in official businesses, undertakings, education, and training, as well as construction of facilities for cultural activities.

New Technology, Training Improves PLA Response

OW2201115490 Beijing XINHUA Domestic Service
in Chinese 1414 GMT 22 Jan 90

[By reporter Hu Nianqiu (5170 1628 4428) and correspondent Zhang Dongwen (1728 2639 2429)]

[Text] Beijing, 22 Jan (XINHUA)—The artillery force of the Chinese People's Liberation Army [PLA] has become even more responsive owing to the adoption of new technology and the intensification of training. According to a department under the PLA General Staff Headquarters, the PLA artillery force's surface fire power is now seven times [liu bei 0362 0223] more responsive than it was several years ago.

The artillery force is a principal branch of the PLA's combined forces. On the basis of extensively developing new technology, the artillery force has reformed its operational means in recent years. In addition to using laser, electronic, and other advanced telecommunications equipment, it also uses microcomputers as the principal means to develop a command and defense system which combines intelligence gathering, command, telecommunications, and control. All the meteorological stations, sounding stations [sheng ce zhan 5116 3261 4541], and mapping detachments are now equipped with specialized calculators, and a large amount of special software has been put into use in the artillery force. The former manual operation of the PLA artillery force has gradually been replaced by electronic computers, and its former simple command operations are being gradually automated.

The artillery force has also improved its training guidance in an effort to increase its combat readiness. It has now developed a relatively comprehensive training program. The intensification of science training and the timely incorporation of the latest training achievements into various training programs, combat regulations, exercise instructions, and evaluation criteria have greatly enhanced the training results.

Army Trains Cadres Responsible for Cultural Work

HK1701053190 Beijing RENMIN RIBAO in Chinese
13 Jan 90 p 3

[Report by Liu Hengzhi (0491 1854 1807): "All-Army 10th Rotational Training Session for Cultural Cadres Ends"]

[Text] The 10th training class for army cadres responsible for cultural work concluded on 10 January. Zhou Keyu, Deputy Director of the General Political Department of the People's Liberation Army, gave a speech at the class's conclusion session on behalf of Director Yang Baibing. He extended Chinese New Year greetings to all cultural workers in the army and to all comrades who are concerned about and support the army's cultural work.

In the training class, 62 cultural cadres studied the theoretical and practical issues concerning the cultural building in the military barracks in the 1990's under the guidance of the Marxist theory about literature and art and the party's policy toward literature and art, and achieved positive results.

Hard-Bone 6th Company Cited For Merit

OW1001060890 Beijing XINHUA Domestic Service
in Chinese 1251 GMT 5 Jan 90

[By correspondent Tao Guangping (7118 1639 1627)]

[Text] Hangzhou, 5 Jan (XINHUA)—An additional brilliant silk banner has recently appeared in the room for displaying honorable awards of the "Hard-Bone 6th Company." The banner was won by the company when

it was cited as an advanced unit in grassroots construction and given a honorable collective merit citation, class one, by the Nanjing Military Region.

The title of "Hard-Bone 6th Company" was conferred on this company by the Ministry of National Defense in 1964. In June 1985, this company was cited as the "Heroic Hard-Bone 6th Company" by the Central Military Commission. Despite the new honor, the Hard-Bone 6th Company has guarded against arrogance and complacency. It has carried forward the traditional "hard-bone" spirit, vigorously engaged in improving its infrastructure, and become outstanding in political and ideological work, military skills, workstyle, and discipline. During the last 4 years, it has persistently conducted military training aimed at raising its fighting strength, and won the best score in eight military skill contests and appraisals sponsored by units at and above the regimental level. Thirty-two training pacesetters have emerged from this company. These pacesetters are well-known throughout the regiment and division to which the company belongs. Moreover, the company has persisted in using Marxism-Leninism-Mao Zedong Thought to guide and train soldiers, and as a result many fighters have been known as "small tigers" in the work of building up the company. In 1988, when Hangzhou was hit by a typhoon, this company rushed to the bank of Xihu where they performed new meritorious deeds by combating the typhoon and doing rescue work. Because of this, it was praised by the Hangzhou people as a "hard bone in a big wind storm." Following the counterrevolutionary rebellion in Beijing at the turn of spring and summer last year, some people came to this company to make speeches in front of the barracks and put up slogan-carrying posters with the objective of instigating officers and men to "fight in concert" with them. However, the officers and men of this company patiently dissuaded and educated them, waged a tit-for-tat struggle against the reactionary words and deeds, and contributed to the maintenance of overall stability and unity by concrete efforts of carrying out painstaking training and hard work. In so doing, the officers and men manifested a high degree of political consciousness.

Weapons Industry Reports Research, Production

OW2301113390 Beijing Television Service in Mandarin
1100 GMT 17 Jan 90

[From the "National News Hookup" program]

[Text] [Video shows arrays of tanks, anti-aircraft guns, and missiles in arsenal shops, cutting to shots of open fields showing tanks, artillery guns, and missile carriers] China's weapons industry has built relatively integrated systems of scientific research and production, making considerable contributions to national defense construction and socialist construction. The past decade of reform and opening to the outside world was a period noted for fairly fast progress and relatively remarkable results in weapons science research. A new generation of main weapons and equipment appeared in our Armed

Forces, showing a relatively large improvement in maneuverability and combat efficiency. Over 1,400 scientific and technology research projects on weapons have won prizes awarded by authorities at and above the ministerial level, including 261 prizes awarded by the state.

[Video shows arrays of trucks, motorcycles, and buses in workshops] The weapons industry has turned out a variety of civilian products. These are sophisticated products that have certain characteristics and can fill the gap in our country or substitute for imported products. The industry can produce more than 700 kinds of civilian products in 18 different categories. Last year, civilian products accounted for 60 percent of the total output value, showing a sixfold increase compared with the 1979 record. Export transactions concluded by the weapons industry during the past 10 years totaled more than \$10 billion.

Honorary Title Conferred on Missile Battalion

HK1701080790 Beijing RENMIN RIBAO in Chinese
13 Jan 90 p 3

[Report by reporters Wang Zhichen (3769 1087 5256) and Cheng Zhong (4453 0112): "Commander and Political Commissar of the People's Liberation Army Air Force Sign Order Conferring Honorary Title on Missile Battalion for Supporting the Government and Cherishing the People"]

[Text] A surface-to-air missile battalion of the Air Force under the Jinan Military Command of the People's Liberation Army (PLA), and Nanchun village of Changdao County, Shandong, where the battalion is stationed, have scored marked results in building the unit itself and the "two civilizations" of Nanchun through unfolding activities in building socialist spiritual civilization through army-people efforts. The PLA Air Force Commander Wang Hai and Political Commissar Zhu Guang recently initialled an order to confer the honorary title of "Model Battalion in Supporting the Government and Cherishing the People" to this unit; while Yantai City party committee and government made the decision to confer the honorary title of "Model Village in Supporting the Army." The naming ceremony was held in the county seat of Penglai County on 10 January.

This surface-to-air missile battalion is stationed on a small island in the Bo Hai. Over the past 5 years, cadres and servicemen have helped the village build a "home for young people," a "women's home," and a "cultural study room." At the same time, they supported the fishing village to develop production, and completed five projects, including a cold-storage factory, a marten-breeding farm, and a water dam. The officers and men have on 16 occasions risked their lives to rescue fishing boats and aquatic produce in danger, and prevented economic loss to the masses in terms of a million yuan or so. The cadres and masses of Nanchun have shown great

concern for and enthusiastically supported army building. With the in-depth development of jointly building the two civilizations, the unit's military and political qualities have markedly improved, and they have been awarded a class two collective commendation.

Marshals Greet Huangpu Academy Alumni

OW1901163990 Beijing XINHUA in English
1616 GMT 19 Jan 90

[Text] Beijing, January 19 (XINHUA)—Marshal Xu Xiangqian, 88, honorary president of the Huangpu (Whampoa) Military Academy Alumni Association, and Marshal Nie Rongzhen, 90, advisor of the association, today called on the alumni of the academy to continue efforts to reunify the motherland.

In an interview with XINHUA and "HUANGPU" magazine, the two veteran marshals sent greetings to the alumni both at home and abroad on the eve of the traditional Chinese Spring Festival, which falls on January 27.

They recalled that 65 years ago, the schoolmates of the academy gathered in the academy to listen to Dr. Sun Yat-sen's instructions and receive patriotic education from both the Kuomintang and the Communist Party. Since then, they added, the alumni of the academy have made great efforts to reunify the motherland.

However, they pointed out, some people in Taiwan are now trying to separate Taiwan from the motherland and create "two Chinas."

The two marshals called on the alumni to carry on the patriotic and revolutionary tradition and unite to oppose any separatist activity.

The two veteran marshals said they are looking forward to the reunification of the motherland and the reunion of the alumni of the Huangpu Military Academy as soon as possible.

They stressed that the motherland has not been reunified yet and the alumni should continue to work hard for the reunification.

Transfer, Placement of Demobilized Cadres Viewed

HK1601023990 Beijing RENMIN RIBAO in Chinese
9 Jan 90 p 3

[Report by Yu Baoyue (0' 50 0202 2588) and Lu Gaopai (0712 7559 2226): "More than 1,900 Demobilized Military Cadres Properly Placed in Beijing"]

[Text] Work on transferring and placing demobilized cadres of the entire PLA [People's Liberation Army] in Beijing for the year of 1989 successfully ended. A total of 1,903 demobilized military cadres from 16 large units, including the 7 military regions of the entire PLA, Navy, Air Force, and the Commission of Science, Technology

and Industry for National Defense, and the three headquarters, who met the requirements for entering Beijing have been properly placed and reasonably employed. This has satisfied both the demobilized cadres and the units that receive them, and received commendation by the PLA General Political Department and Beijing Municipality.

After Weishu District took charge of the work for transferring and placing demobilized cadres in Beijing last year, in order to obtain first-hand information of demobilized cadres, they examined 1,955 personal cases of cadres, and recorded in detail the requirements for placing every demobilized cadre in Beijing. Moreover, they assembled the comrades of the departments of large units stationed in Beijing on three occasions, and briefed them about the transfer and placement situation in Beijing. They have also held links with 322 units of the entire PLA and sent them a total of 1,107 letters. They took the initiative to coordinate and straighten out the various job relations in transfer and placement. Moreover, they have also maintained ties with the personnel departments of the central authorities, state organs and the relevant units in Beijing Municipality, and obtained quick information about demand and supply, and initiated recommendation. Last year, they recommended 2,746 demobilized cadres. A total of 1,238 of them were recruited.

Air and Ground Test Flights of Model Planes

HK2712045389 Beijing JIEFANGJUN BAO in Chinese
7 Dec 89 p 2

[Report by Yu Zhengdao (0151 2973 6670): "Operating Both in the Air and on the Ground"—China's Model Free-Flying Test Laboratory]

[Text] In the China Aeromechanics Research and Development Center, which has often been called the "vanguard of aeronautics and astronautics," there is a special scientific research team. Their laboratory is both in the air and on the ground, and they are very mobile, traveling to every concern in the country. Sometimes they will appear at the Air Force's modernized airport, sometimes they are active at the missile target ground, which is barren and remote.

This scientific research team runs the model free-flying test laboratory, the one and only in our country.

Model free-flying testing is an important means to study the program of airflow patterns for flying objects. When the United States manufactured the F-4 Phantom fighter, a great number of model free-flying tests had been carried out for the design plan. In order to grasp the special features of manipulation and the stability of the fighter, researchers resorted to the test-flying method, and successfully solved the problems then unsolvable by theoretical calculation and experiment in wind tunnels. Facing the challenge from the international aeronautics and astronautics fields, China Aeromechanics Research and Development Center, with the care of the renowned

scientist Qian Xuesen, formally set up the country's first model free-flying test laboratory in 1978.

During the first test, there was neither facilities nor experience. The propeller rocket was a purchased one and was originally a rocket for melting hail, and the plane model was a wooden one designed and made by our own efforts, even the launching pad was built by ourselves. But they eventually succeeded. For more than a decade, they have worked at the airports, target grounds, plateaus, and in the Gobi Desert, as well as in the sky and on the ground, accomplishing 11 tests, and winning 14 scientific achievements.

Air tests differ from ground tests in that once the model goes into the sky, any minor mistake can lead to "overall failure" or real danger. Once, during a test, the remote control device suddenly broke down, and the target plane flew aimlessly away from the airport like a kite with a broken string, to a place 7 km beyond the visibility of the manipulator. The test personnel could only rely on binoculars to track down the target plane, and tell the manipulator the flying altitude and attitude of the plane. Suddenly, an Air Force fighter came into visibility, and people became nervous. "Oh no!" If the target plane had collided with the fighter, the result would have been unimaginable. At that moment, for some unknown reasons, the remote control device resumed its normal function, and the target plane seemed to be pulled by an invisible hand back into the sky over the airport. As the target plane landed, the nervous crowd relaxed.

That was a test conducted in 1987, at a missile base in northwest China's Gobi Desert. The research team consisted of 17 persons, who entered the base district at the end of July. It was unbearably hot and dry in the Gobi Desert, and the research personnel from Sichuan could not withstand the weather; each of them suffered cracked lips and a bleeding nose. After busy preparations for more than 20 days, the propeller rocket, driven by bright flames, carried a fighter model into the sky. However, after the model separated from the rocket, it did not work according to the prepared program, and neither could its parachute be opened. In a few seconds, the model appeared.

The model contained a magnetic recording device, and as long as we could find it, we would know the reason of failure. With the coordinated efforts of a searching company from a missile base, the research team carried water and rations and embarked upon the journey, leaving behind a minority of personnel at the base. The trucks headed to the vast Gobi Desert and under the hot sun and amid the sandstorms, they looked cautiously at each inch of land. After a few days, the search company was assigned another duty, and withdrawn from the base district. The research team rented a bus, and continued the search for the model. On the sixth day, the research team spread all its personnel in a line, and each person stood 100 meters away from the other. Then they walked into the landing zone. Two hours passed, and they

eventually discovered their target in a sand ditch. The reason why it was difficult to discover the model was that, when the model landed, its momentum carried it deep into the sand, leaving only a small portion of its tail aboveground.

Shortly after, the second model was launched, but again it was a failure. They then looked into the reason, found it, and immediately sent five comrades to Beijing to improve the design. As they returned to the testing ground, the Gobi Desert was already covered with snow, and the cold current from Siberia relentlessly blew the landscape and the human bodies on it. During a single test, the scientific research team had endured two different tests, one being unbearably hot, the other being extremely cold.

Eventually, the unyielding research team met with the moment of victory.

Again, the propeller rocket roared, spurted flames, and carried another model, as well as the hope of 17 people, into the sky. Immediately, various manipulating devices flashed red and green lights on the ground. The launching, the separation, and the landing... "We have succeeded! We have succeeded!" People shouted, jumped, and the joy spread to every corner of the testing ground. At that moment, they had been away from their homes for 3.5 months.

Flight Training To Stress Mao Military Theories

OW2001094790 Beijing XINHUA in English
0847 GMT 20 Jan 90

[Text] Beijing, January 20 (XINHUA)—China's Air Force will start a new flight training program from July, this year.

As compared with the former one, this new training program features stress on the late Chairman Mao Zedong's military theories as the guiding ideology in the building up of the armed forces in the new period.

Air Force Units Support Local Construction

OW2401150890 Beijing XINHUA Domestic Service
in Chinese 0523 GMT 19 Jan 89

[By correspondent Sun Guoqiang (1327 0948 1730) and reporter Cai Shanwu (5591 0810 2976)]

[Text] Beijing, 19 Jan (XINHUA)—The People's Air Force dispatched a total of nearly 10,000 aircrafts and a large amount of manpower to support national economic construction.

According to an air force department concerned, while being busy with combat-readiness training, air force units dispatched several thousand planes to transport 227,000 passengers and 1.881 metric tons of cargo for tourist departments and other relevant units. In participating in emergencies and natural disasters, air force units rescued over 3,700 people and transported more

than 8,000 metric tons of cargo. In close coordination with forestry departments in over 10 provinces and autonomous regions, including Yunnan, Sichuan, Shaanxi, and Guangdong, air force units afforested 6.55 million mu of land by sowing tree seeds with aircraft. Transport units also sent planes to observe natural disasters and to spray insecticides, making it possible for local forests and crops not to suffer damage.

In the past year, air force units also used more than 800,000 working days and 128,000 vehicles and sets of machinery to take part in over 3,800 local construction and public-good projects and to plant 1.33 million trees and 146,000 square meters of grass. Technical teams from the air force repaired nearly 80,000 farm machines and implements and trained tens of thousands of technicians for the masses. Scores of airfields and special railways only for use by the air force continue to be open to local people in order to support local economic construction.

Report Profiles Southern Navy, Air Force Units

HK1701034590 Beijing ZHONGGUO XINWEN SHE
in Chinese 1045 GMT 12 Jan 90

[Report by staff reporter Li Chun (2621 2504): "Patrolling in the Airspace of the South China Sea"—ZHONGGUO XINWEN SHE headline]

[Text] Haikou, 12 Jan (ZHONGGUO XINWEN SHE)—Nanhai is the largest of China's coastal waters. Above this sea area, which stretches for some 3.6 million square meters, an air unit, which people call "tiger of the southern sky," is patrolling. In the command room of this unit, unit commander Admiral Shi Yunsheng was interviewed by this reporter.

The admiral believes that with the growing importance of the Pacific as a strategic position when the world's economic region is gradually shifting to the Far East, with the discovery of large reserves of oil and gas in the South China Sea, and with the establishment of Hainan Province as the largest special economic zone of China and the opening up of some cities on the coast of Hainan, there has been a new demand for safeguarding the security of the airspace above Nanhai. Therefore, the mission of the air unit of the Nanhai Fleet has become particularly important.

By way of introduction, Shi Yunsheng said: The air unit of the Nanhai Navy was set up in 1958. Afterwards, as this unit grew, it served in reconnaissance raids, checked aggression and turmoil, and stopped the enemy's landing. It gained merits in fighting the US aircraft-carrier based fighters. Especially in the Battle of Xisha, upon receiving orders, various types of aircraft, which aided and screened the island landings in coordination with the battle at sea where the fleet of warships were arrayed, succeeded in restoring the islands of Jinying, Shanhu and Ganquan. In the defense battle against Vietnam and the Battle of Nansha in the following years, it also successfully completed its military missions.

Evolving over 30 years from a unit possessing a single type of aircraft, this unit, for its air defense mission, now possesses home-made supersonic fighter planes, bombers, transport planes, and reconnaissance planes. It also functions as a military unit on land responsible for such duties as communications, radar detection, battle preparations, and repairs. Weapons have evolved from cannons to missiles. Thus a tight three-dimensional defense cordon has been stretched across the air. Its capacity to react quickly and to launch sudden attacks, and its mobility, protective and safeguarding capacity have been improved greatly.

Admiral Shi, aged 50, enlisted in 1956. He served as a pilot, regiment commander, division commander, and as vice commander of the air unit of the North Sea Navy. Six years ago, he was transferred to the South Sea Navy as commander of its air unit. Being a special pilot, he stressed the importance of military training and of strengthening military exercises under modern military conditions.

He said: Half of the officers and men in the unit belong to Grade One who can run and fight under any weather. It is expected that the whole unit will become Grade One next year. Officers in charge of the air unit are all young and strong. They can pilot planes and give commands at the command tower. All pilots have received ultra-low altitude training, which is very advanced by international standards.

Shi Yunsheng also said: "Since the reform and opening up, the air unit of the Hainan Fleet has, in addition to shouldering normal duties, also actively participated in the development of the special economic zone. It has improved development of Hainan Province and has speeded up reform and opening up by ensuring safe landings and takeoffs of civil flights and ordinary aircraft in Haikou and Sanya Airports, by helping local departments in conducting aerial investigations, actively engaging themselves in salvage operations and stopping disasters, and by protecting deep-sea fishing and ocean-cruising.

As for the future development of the air unit of the Nanhai Fleet, Shi Yunsheng said: Following the upgrade of weapons, the unit will increase training in ultra-high and ultra-low altitude flying in the complicated airspace, deep-sea flying, and combination training. Judging from the environment of Nanhai, we will mainly develop the air unit and the unit on board warships for their long-range combat effectiveness so as to effectively control and protect the airspace of China's Nanhai, ensure the reform and opening up of the special economic zone, and safeguard the territory and territorial waters of Xisha and Nansha.

Navy Holds Forum on Ideological, Political Work

HK2012043789 Beijing JIEFANGJUN BAO in Chinese
30 Nov 89 p 3

[Report by Zhang Haifu (1728 3189 6384): "Strengthen Ideological and Political Work, Make Sure the Army Will Always Be Politically Qualified—Roundup of Forum on Theory of the Navy's Political Work in the New Period"]

[Text] Recently, the Navy Political Academy held a forum to study the theory of the Navy's political work in the new period. The participants had a lively discussion on the question of strengthening the party's absolute leadership over the Army and making sure that the Army will always be politically qualified. The following is a summary of the discussion: **1. The question of preventing "peaceful evolution."** Some comrades pointed out that the international monopoly bourgeoisie is now pursuing a strategy of "peaceful evolution." The main channels through which this strategy may affect the army are as follows: 1) Spreading the viewpoint on the "failure" of socialism to shake the convictions of officers and men in socialism and communism; 2) Advocating false theories such as "pluralistic politics," "separation of the party and Army," and "depoliticization of the Army," to weaken the party sense of officers and men; 3) Advocating the individualist concept of value and spreading the decadent bourgeois lifestyle to negate the Army's purpose of serving the people wholeheartedly and weaken the Army's fighting capacity. They pointed out that in the struggle against "peaceful evolution" we must: 1) Ensure the party's absolute leadership over the Army, which is a fundamental guarantee for our Army remaining invincible in the struggle against "peaceful evolution;" 2) Strengthen and improve ideological and political work and continue to have all ideological and cultural positions occupied by Marxism-Leninism and Mao Zedong Thought; and 3) Strengthen the building of leading bodies and the ranks of political cadres, which gives an organizational guarantee in preventing "peaceful evolution." **2. The question of adhering to the party's absolute leadership over the Army.** The participants held that adhering to the party's absolute leadership over our Army is a good Army tradition. This is determined by the nature of our People's Army and is where the Army's fundamental superiority lies. We must have a full understanding of the necessity and unshakability of the party's absolute leadership over the Army: 1) We must have a clear understanding of the absolute necessity of the party's leadership over the Army. Our Army must be placed unconditionally under the leadership of the CPC. No other political parties are allowed to establish organizations or carry out activities in the Army. The Army's supreme leadership and command is the CPC Central Committee and the Central Military Commission. The purpose of adhering to the centralized and unified leadership of the party is to ensure the coordinated and concerted action of the whole Army and to give full play to the fighting power of the Army as a whole. 2) We must have a clear understanding of the necessity for the

party's direct leadership over the Army which is not the same as the leadership over ordinary mass organizations. It is not only necessary to exercise this leadership by means of correct line, policies, and principles but also to directly establish the party's leading organs and a series of political work systems in the Army so that the overall leadership of the party in the political, ideological, and organizational fields can be guaranteed. 3) We must have a clear understanding of the unified party leadership over the Army. The Army's party committees at all levels must exercise unified leadership over all work and all Army personnel. Under the unified collective leadership and in accordance with the principle of democratic centralism, they must adopt a system of division of work among commanders with individual responsibilities. Many comrades pointed out that under the condition where the communist party is in power, there is no difference between the party's absolute leadership over the Army and leadership by the state. It is necessary to criticize the absurd theories advocated by those who indulged in bourgeois liberalization, such as the theories regarding the Army as being "supra-class" and "supra-politics" and those demanding "separation of the party and Army" and "depoliticization" of the Army. Upholding the absolute leadership of the party is a fundamental guarantee to ensure that the Army will always be politically qualified. **3. The question of characteristics of class struggle in the current stage.** The participants held that an important question in current political work is how to understand and deal with the class struggle in the current stage, which has taken a special form. With regard to the characteristics of the current class struggle it is necessary to attach importance to the following questions: 1) The class struggle in the current stage is not a class-to-class struggle in the original and complete form but a struggle left over from the past and in an incomplete form. It is mainly expressed in the struggle between the broad masses of people and all kinds of hostile elements. 2) The class struggle has existed for a long time only within a certain sphere. It is not the main contradiction in society but under certain conditions, it may become acute. It may be reflected in the economic and political fields and also in the ideological and cultural fields. 3) At present, the main content of class struggle is the antagonism between upholding the four cardinal principles and advocating bourgeois liberalization and the struggle against "peaceful evolution." 4) In this class struggle, the contradictions among the people are often mixed up with the contradictions between the enemy and ourselves and it is hard to make a distinction between them. **4. The question of the Army's internal and external functions.** Some comrades held that the Army's internal and external functions should be regarded as equal. Some others held that the main function of the Army is to fight against foreign aggression and defend the motherland and its internal function can be brought into play only under special conditions. However, we should not negate or ignore this internal function because of this.

Naval Scientific Research Wins Many Awards

OW1801013090 Beijing XINHUA in English
1430 GMT 17 Jan 90

[Text] Beijing, January 17 (XINHUA)—Thirteen hundred scientific research projects of the Chinese Navy have won civil and military awards in the past 4 years.

Naval research institutions have been involved with nuclear submarines, underwater launching technology, ultra-long-wave communications, and ocean salvaging ships.

Technological findings by naval researchers have also been applied in nonmilitary projects, including China's Antarctic scientific expedition and in the location of off-shore oil platforms and underwater wells, saving millions of dollars on imports.

With a fleet of more than 6,000 vessels, totaling 1 million dwt, China is one of the few countries with underwater nuclear attack capabilities, and the third, after the United States and the Soviet Union, to have an ocean target fleet [sentence as received].

Sea Fleet Conducts Education in 'Outlook on Sea'

HK3112092289 Beijing JIEFANGJUN BAO in Chinese
16 Dec 89 p 1

[Report by Shen Shungen (3088 7311 2704) and Yang Dechang (2799 1795 2490): "East China Sea Fleet Conducts Education in 'Outlook on Sea' among Units, Boosting Enthusiasm of Officers and Men for Building Powerful Navy"]

[Text] An education program with the theme of "outlook on sea" has been universally unfolded among units under the East China Sea Fleet to widen the vision of oceanography and to boost the sense of the sea and concept of sea territory. The education has roused the strong interests of officers and men, and has become a basic engineering for navy building with its distinct ideology, resourcefulness, and strong realistic purpose.

The world today has entered a new era of wide-scope exploitation and utilization of the sea, with the sea's economic and military values increased with each passing day, while the contention over maritime rights and interests will become one of the major contradictions in the world. A correct knowledge of the sea, devotion to maritime undertakings, safeguarding sea territory and national maritime interests are important issues that have bearing on the nation's rise and decline and the motherland's prosperity. Based on this understanding, the East China Sea Fleet party committee is determined to unfold universal and in-depth education with this theme among all units under its command as an extension and development of the education in "cherishing vessels, islands, and the sea" as first advocated by Chairman Mao in the 1950s. To do a good job in this education, the Fleet's Political Department has edited

and published such teaching materials and supplementary reading materials as "The 'Outlook on Sea' and the Historical Mission for the People's Navy," "Safeguard the Rich and Beautiful Nansha Qundao," and "The Young Sea," while it has built an exhibition hall that gives a concise history of the East China Sea Fleet, and conducted competitions in the mastery of oceanography. The education consists of three major parts: Oceanography, the concept of sea territory, and the sense of naval defense. To start from understanding the sea, China's major ports, islands, aquatic products, and mineral resources are briefed in a systematic way to enable officers and men to have an understanding of China's and the world's present conditions and contrast in exploiting the sea, to stimulate their boundless devotion to China's rich and beautiful seas, and to establish their strong sense of making contributions to the revolutionary cause and enterprising spirit in exploiting and utilizing the "blue treasure house." It starts from understanding the implication of sea territory, and clarifying such new concepts as sea territory, exclusive economic zones, and continental shelves. At the same time, clear explanations are given with regards to the realm of China's sea territory, and the historical facts of some of China's islands, reefs, and sea territory being occupied, to augment the concept of sea territory among officers and men, to stimulate their senses of mission and responsibility to defend the dignity of the motherland's territory and sea territory, and to be determined to fulfill the great cause of the motherland's reunification. Through studying modern history, the history of struggling for sea frontiers, and the history of sea fleets' growth, officers and men have been enabled to see that Old China had sea territory but no naval defense to speak of, imperialists invaded China's sea territory on some 80 occasions in history, and brought great calamities to the Chinese nation. Thus, a sense of pressure regarding the building of a powerful navy and a sense of naval defense are stimulated among all officers and men.

The education spanned from April to November, lasting some 6 months. Through education, a strong sense of mission to build a modern navy as well as their devotion to the islands and the sea has been evoked among officers and men. Activities in creating fine units, and meeting criteria for grass-roots building have been unfolded in depth, with the surfacing of a large number of fine sailors, advanced servicemen, and model captains. There is a greater number of qualified captains through all-around training than past years. The best record in the history of navigation in safety has been scored, with a number of vessels outstandingly fulfilling their tasks in ocean-going navigation.

Navy Aids Construction of Coastal Projects

OW1901200290 Beijing XINHUA Domestic Service
in Chinese 0522 GMT 19 Jan 90

[By reporter Huang Caihong (7806 1752 5725)]

[Text] Beijing 19 Jan (XINHUA)—Over the past several years, the People's Navy has taken part in and supported the construction of more than 2,000 coastal projects. It also made positive contributions to the development of China's coastal economy.

All naval units have brought their equipment and technology into full play. They successively dispatched over 90,000 ships and up to 1 million officers and men to participate in the construction of Qinshan Nuclear Power Station, Shengli Oilfield Wharf, Ningbo Beicang Harbor, Fangcheng Harbor, Zhanjiang Harbor Wharf, and other key state overwater projects. The extension projects of Qingdao, Yantai, Haikou, and other airports opening to the outside world were also built by naval units. In the construction of Shenzhen, Zhuhai, Shantou, Xiamen, Hainan, and other special economic zones, naval commanders and fighters shouldered the task of building harbors, power plants, expressways, communications installations, scenic spots, and nearly 100 other large projects. Their sweat was everywhere.

The Navy's survey troops sailed across the four seas of the motherland and surveyed and drew over 1,500 sea charts of all sorts to meet the needs in developing the coastal economy. Currently, the harbor and gulf charts, navigation charts, and other marine charts basically cover all the motherland's sea territories. These marine charts and data are extensively used for China's sea transport, fishing and breeding, harbor projects, sea lane maintenance, oil prospecting and marine survey, and in other economic development spheres. Since the beginning of last year, the naval survey units conducted comprehensive large area, in-depth, multiple-datum and all-directional survey in the sea territories of the Nansha Islands three times. They obtained over 10,000 overwater and underwater navigation key elements and drew up the latest marine chart of China's Nansha Islands, thus supplying important data for the development and exploitation of marine economic resources and the construction of projects in the Nansha Islands.

Network Assists Research, Defense Experiments

OW1901134290 Beijing Television Service in Mandarin
1100 GMT 16 Jan 90

[From the "National News Hookup" program]

[Text] [Video begins with a medium shot of a red streamer bearing the Chinese characters "The Logistics Work Conference of the State Commission of Science, Technology, and Industry for National Defense," and then cuts to show medium to closeup shots of workers attending to a communications satellite. Shots follow of a trailer towing a solid fuel rocket booster, a rocket in an upright position, and an antisubmarine helicopter being spotted down on the deck of a Dajiang-class submarine support ship. It then cuts to show a semi-trailer carrying the motors and body of a rocket, a radar, a satellite dish, soldiers digging and planting vegetables, and some livestock and poultry]

The State Commission of Science, Technology, and Industry for National Defense informed this reporter today that China has established a comprehensive network for conducting scientific research and experiments in the field of national defense. Overall, the network is capable of providing effective assistance in carrying out tests on missiles, nuclear weapons, conventional arms, and various types of artificial satellites, and in launching satellites. Experimental launching facilities and observation posts are scattered throughout China's 28 provinces, municipalities, and autonomous regions, although most are located in the Gobi desert and in other mountainous and grassy areas where conditions are extremely harsh. Undertaking a major experiment in those areas usually requires simultaneous assistance from land, sea, and air transport units. National and military departments concerned coordinate their efforts in such operations, and command centers work systematically to organize all aspects of the logistics work involved into a well-coordinated effort.

New bases combining facilities for defense research and everyday living have sprung up in many areas of China. In addition to post offices, public security bureaus, and cultural, educational, and banking institutions, these bases boast all types of service centers to meet daily needs. This has ensured success in the nation's defense research programs.

Defense Technology Firms Urged To Expand

HK2401010290 Beijing CHINA DAILY in English
24 Jan 90 p 2

[By staff reporter Yu An]

[Text] China's national defence science and technology information industry has been urged to better serve the construction of the national economy, CHINA DAILY learned yesterday.

In the future, military enterprises will make full use of their technical forces and advanced equipment and technology to manufacture more high-technology civil products, instead of competing with other firms in the low or medium level civilian goods market.

However, this is under the condition that research and production of military products will be given first priority, said Jin Zhude, a division chief of the Commission of Science, Technology and Industry of National Defence.

Under peace conditions, more military technology and information, which are still secret at the moment, will be transferred to serve the national economy and help to develop more goods for civilian use, Jin said a joint meeting of the China National Defence Science and Technology Information Society and the United Association of China National Defence Science and Technology Information Stations.

Jin is also chairman of the two organizations.

In the fourth quarter of last year, secrets involving 2,336 items of military science and technology results were lifted by the commission in order to make them available to civil production.

The science and technology results are mainly involved in the nuclear, aviation and space industries.

To promote the move, Jin said that they should from now on draft a plan for the development of national defence science and technology information industry in the next five years.

Jin said that they should not only build up a complete national defence science and technology information system, but also make possible measures to put more military information in civil use.

Ministry Hails Shandong Conscription Work

OW2201225090 Beijing XINHUA Domestic Service
in Chinese 0523 GMT 18 Jan 90

[By correspondent Bu Sun (2975 1327) and reporter Jiang Yongwu (5592 3057 2976)]

[Text] Jinan, 18 Jan (XINHUA)—“Select the most outstanding young people and send them to the Army.” The governments and conscription departments at all levels in Shandong hold themselves highly responsible for the development of the national defense industry. They have adopted effective measures to ensure the qualities of new recruits and have had no one rejected from the army in five successive years. The relevant departments of the Ministry of National Defense have more than once propagated Shandong's experience in selecting and sending highly qualified new recruits to the Army.

Since 1985, more than 95 percent of the eligible young people have joined the army. Each year, the 15 prefectures and cities in the province have fulfilled their conscription tasks with flying colors. To ensure the qualities of the new recruits, they carry out the following tasks:

- Broaden education on national defense, and help the governments at all levels and the broad masses raise their awareness in selecting and sending outstanding new recruits to the Army. More than 2,200 large and medium-sized enterprises in the province have listed national defense education as an important item in the management responsibility system. The thinking that “there will be no peace without an army” has gone deep into the minds of the people. The young people are eager to join the Army.
- Improve the supervisory system in doing conscription work. Those who violate conscription policy and regulations are seriously handled and punished.
- Continuously improve conscription work organization. All physical examination centers for new recruits must improve their system of management, go through the regular procedures and standardize all physical requirements in order to ensure the qualities of new recruits. The departments concerned at the

county, township and village levels must ensure that the new recruits meet their political requirements.

National Defense Education Stressed

OW1701013190 Beijing XINHUA Domestic Service
in Chinese 0216 GMT 14 Jan 90

[By reporter Xu Zhimin (6079 1807 2404)]

[Text] Beijing, 14 Jan (XINHUA)—In their recent talks and inscriptions, Comrades Xu Xiangqian and Nie Rongzhen have urged society to show concern for national defense education, to foster the thinking of “being prepared for danger in times of peace,” to kindle the people's fervent love for their motherland, and to arouse revolutionary enthusiasm for aggressively promoting modernization in the motherland.

In his talk to the personnel of the magazine “GUOFANG JIAOYU [NATIONAL DEFENSE EDUCATION]”, Marshal Xu Xiangqian said: The Central Committee of the party has strengthened ideological and political work. A good situation of showing concern for national defense education has appeared in all areas since the 4th and 5th Plenary Sessions of the 13th CPC Central Committee. Discussion meetings and mobilization meetings on national defense education have been held in some areas to foster the thinking of “being prepared for danger in times of peace,” to build a dam with the concept of national defense, to spark patriotic enthusiasm among the people, and to instill in the people a sense of responsibility for the rise and fall of the nation through national defense education, so that a desirable trend of showing concern for and giving support to the modernization of national defense may prevail among the broad masses and so our socialist modernization may be successfully accomplished by all the people with one heart and one mind.

In his talk, Marshal Xu stressed that national defense education is a strategic issue bearing on the prosperity or decline of the nation. He pointed out: A certain detente situation has appeared in the world today. However, the struggle between “peaceful evolution” and the efforts to combat it are getting more fierce each day. Every citizen of our country should be soberly aware of this struggle and should heighten his vigilance. History has proven that a country which does not attach importance to national defense education is in jeopardy and that a nationality unaware of the importance of national defense is hopeless. The history of the Chinese national being invaded and enslaved over the past hundred years should not be forgotten.

Marshal Xu hoped that everyone will show concern for and give support to this very significant work, so that it may be continuously strengthened and improved and carried on in depth among all the nationalities of China for a sustained period of time.

Marshal Nie Rongzhen's inscription for “GUOFANG ZAZHI [NATIONAL DEFENSE MAGAZINE] reads:

"Let Us Improve National Defense Education and Enhance the Awareness of National Defense Among All the People."

Series Views National Defense University

Part One

HK1101081190 Hong Kong WEN WEI PO in Chinese
10 Jan 90 p 17

[Article by Tsao Kuo-jung (2580 0948 2837) and Ching Shu-chan (2529 2118 1455): "Perspective of the National Defense University (part one)"]

[Text] By the side of the Hongshan in the picturesque outskirts of Beijing, there are groups of magnificent buildings. The well-known National Defense University of the People's Liberation Army [PLA] is located there.

This university was founded on 24 December 1985. Deng Xiaoping wrote the name of the university, General Zhang Zhen is the first president of the university, and General Li Desheng is its first political commissar.

As President Zhang Zhen related, before this university was established, top-level military training was undertaken by the Military Academy, Political Institution, and Logistics College. Following the development of the situation we gradually realized that the training methods adopted by the academy, institution, and college could not cope with the needs of military modernization. Therefore the Central Military Commission decided to merge these three into the National Defense University. The basic task of this university is to train: Military, political, and logistics commanders at the group-army level for the ground, naval, and air forces; senior advisers and senior theoretical research personnel; and leading cadres for the relevant local and state organizations. The National Defense University also engages in research into strategies and national defense modernization and acts as an adviser to the Central Military Commission and the various general departments of the PLA.

On the organizational structure of the university, Generals Zhang Zhen and Li Desheng talked with fervor and assurance, as if enumerating their family valuables. Under the leadership of the university leaders, this university has established various departments, research offices, an institute for postgraduates, and a training course for teachers. The national defense research department recruits army-level officers and officials from provincial and state departments and bureaus to study subjects concerning national defense. Basic departments [ji ben xi 1015 2609 4762] recruit divisional-level (brigade-level) commanders and divisional-level (brigade-level) logistics officers and train military, political, and logistics commanders at the group-army level and military officers from provincial military districts and academies, so that they can improve their military knowledge. The study courses are scheduled for 1 year. The institute for postgraduates recruits military officers who have graduated from university and have served in

the armed forces for over 1 year. It trains commanders, theoretical researchers, and teachers who are all up to master or doctorate standard.

Part Two

HK1401055290 Hong Kong WEN WEI PO in Chinese
11 Jan 90 p 15

[Article by Tsao Kuo-jung (2580 0948 2837) and Ching Shu-chan (2529 2118 1455): "Generals Are Born Here—Perspective of the National Defense University (part two)"]

[Text] On the second floor of the administration building of the university headquarters of the National Defense University, inlaid on the wall was a huge horizontal inscribed board bearing the calligraphy of Deng Xiaoping, which read: "Education must face modernization, the world and the future."

As the highest level of the three-level training system of the Chinese People's Liberation Army, the National Defense University emphasizes the training of high ranking cadres needed by modernization construction of the PLA in the 1990's or even in the early 21st century, and they must be the "all-round talents" who are capable of leading the work in army, politics and logistics. Therefore, the university party committee proposes strict demands for reform in the teaching contents and they can be summarized into four characters: Advanced, new, broad, and deep.

Advanced: It means the design of the curriculum has an advanced starting point. Advanced-level training is carried out to study mainly strategies and battles. This means to study the country's strategies from studying international strategies, and to study how to use China's comprehensive strengths to safeguard the nation's security and interests. This is the guidance for studying the problem of battles.

New: It means the use of the newest information and achievements in science, technology and military science in the contemporary world to substantiate and enrich teaching contents.

Broad: It means enabling the students to have knowledge of the Navy, the Army, the Air Force, and logistics and politics needed by a ranking commander.

Deep: It means that each course must grasp the basic problems and emphasizes key points, that when studying a problem the conclusion must be precise, and that any academic discussion must be solely judged by whether it is convincing.

In order to implement these principles in the program, the National Defense University has newly opened more than 100 courses, and has compiled teaching materials of over 200 kinds.

As one enters the teaching block or motor room of the audio-visual education center, one will see a fantastic

world. There is a war-simulating education system composed by neatly arranged computers, and a big screen is hung on the wall of the auditorium. This computing facility which simulates future wars is especially for the use of students as they learn how to command the Army in a modernized warfare. The commanders of the "red" army and the commanders of the "blue" army sit in front of the computers to think, to make decisions, to compete against one another with their strategies and intelligence. This facility can promptly provide a scientific assessment on victory and defeat, as well as indicate the result clearly on the screen. With this audio-visual facility, plus the applied software developed by our own efforts, the conditions of a battlefield of a future war can be designed by computer programming. Many experts have spoken highly of the system.

Part Three

HK1601110090 Hong Kong WEN WEI PO in Chinese
12 Jan 90 p 17

[Article by Tsao Kuo-rong (2580 0948 2837) and Ching Shu-chan (2529 2118 1455): "Graduates in the Past 4 Years Are Found in Barracks Across the Country—Perspective of the National Defense University (part three and final part)"]

[Text] In the Friendship Room of the National Defense University, the walls are decorated with color photos depicting friendly exchanges between the National Defense University and its foreign counterparts. On a dozen shelves, horizontal and vertical, there are numerous souvenirs presented to the university by its foreign counterparts, beautifully made as they are, they indicate the achievements in international exchanges and cooperation won by the university since its establishment.

The university has received 197 delegations from over 50 countries on the 5 continents, comprising more than 1,200 persons. It has sent 16 delegations comprising of 74 persons to 9 countries for inspections, visits, lectures and participation in international academic conferences. It has invited the leaders of foreign countries, leaders of the armies of foreign countries, and well-known experts and scholars to China to give a total of 43 lectures, which have been attended by more than 8,000 people, while arranging 95 academic forums, which have been attended by more than 700 people. These exchanges have enabled the National Defense University to quickly learn and absorb the new achievements in and new information on world military science, effectively promoting the launching of research work and teaching duty.

In 1987, University President Zhang Zhen led a delegation to visit the United States; they visited the United States Military Academy, the United States Pacific Headquarters, Atlantic Headquarters, and Army Transportation Center. Many of the experiences and measures of the American counterpart could be borrowed for the

teaching and research at the National Defense University. The first group of students from the Research Department has visited Pakistan, and has gained a more practical understanding of the problem of Afghanistan, the relations between India and Pakistan, and the situation in Southeast Asia.

The opening up to the outside world has also expanded the international influence of the National Defense University. Casper Weinberger, former defense secretary of the United States, said: "We are very honored to be able to visit this university. It is because this university, like the United States Military Academy, plays a major and valuable role in the building of the Army in your nation." He continued: "I am deeply impressed with the academic standard reflected by the questions raised by the Chinese students."

After 4 years of hard training, the graduates will enter various barracks. In the 4 years since the university was founded, some 800 graduates went from the university to various barracks. At present, in the whole Army, the major responsible persons at or above the group army level are mostly the graduates of the National Defense University. These graduates have become the backbone for revolutionizing and modernizing the Chinese People's Liberation Army.

Economic & Agricultural

Regional Economic Associations Continue Growth

OW1901023690 Beijing XINHUA Domestic Service
in Chinese 0650 GMT 9 Jan 90

[By reporter Xu Yaozhong (1776 5069 0022)]

[Text] Beijing, 9 Jan (XINHUA)—In the course of improving the economic environment and rectifying economic order, regional economic associations and cooperation are continuing along a good trend of development. At present, there are 104 regional economic network organizations, of which 60 are organizations between provinces, municipalities, and autonomous regions, and 44 are organizations in a certain province, municipality, and autonomous region. Facts show that these lateral economic ties between regions are playing a more and more important role in improving our economic structure and the geographical distribution of our economic undertakings, and in promoting sound economic development.

These lateral regional economic organizations are formed on the basis of geographical and historical economic relations irrespective of administrative regions and departments. They are different in scale, form, and degree of ties, but each has its own salient features and plays a remarkable role in promoting regional economic development.

According to a survey and analysis by the China Association of Industrial Economics, these regional economic

organizations may be roughly classified into the following types according to their functions:

The all-around cooperation type—All parties cooperate with each other over a wide range of projects in many fields to achieve common development and prosperity of the regional economy. Examples are the Northeast Economic Zone, the Six-party Economic Coordination Committee of Five Southwest Provinces and Regions, and the Central Plains Economic Zone.

The resource development type—The economic organizations of this type have abundant ground or underground natural resources which are important to economic development. All parties in these organizations jointly exploit and use the resources in the region step by step under the guidance of state plans, and turn their superiority in resources into economic superiority to build a rational economic structure. Examples are the energy-producing base with Shanxi as its center, the Sanxia [Three Gorges] Economic Development Zone, and the Shaanxi-Shansi-Henan Border Economic Zone.

The export-oriented type—The Changjiang Delta Economic Development Zone, the Zhujiang Delta Economic Development Zone and the Southern Fujian Triangle Economic Development Zone are the examples. They are export-oriented, pioneering economic organizations engaged in jointly introducing investment from abroad and establishing lateral ties at home, in jointly developing export-oriented trade-industry-agriculture associations, and in jointly opening up the international market.

The hub-and-spoke type—In a regional economic organization of this type, a big city or a group of adjoining cities serve as a hub to promote development of the economy, culture, education, science and technology and improve management in surrounding areas; to create better conditions for urban development; and to promote integration of urban and rural areas. Examples are the Huanjiang Economic Cooperation Zone with Beijing as its center, the Jiangnan Plain Economic Cooperation Zone with Wuhan as its center, the Jiangsu-Anhui-Jiangxi Economic Cooperation Zone with Nanjing as its center, and the Central Heilongjiang Economic Cooperation Zone with Harbin as its center.

In addition, there are economic networks covering separate cities of different economic structures; cooperative economic development zones between old revolutionary base areas, minority nationality regions, border regions and poor regions where commodity economy is underdeveloped; and economic and technological cooperation networks established by a certain trade or profession or a certain department.

The regional economic and technological association and cooperation are playing a positive role in China's economy. According to incomplete statistics, from 1986 to 1988, lateral economic associations in China created an additional output value of 126.6 billion yuan and additional profit and tax payment of 19.5 billion yuan.

Other incomplete statistics by 20 provinces, autonomous regions, and municipalities show that more than 30,000 contracts on economic and technological cooperation, to a total amount of more than 6 billion yuan, were signed in the first half of 1989. In those 6 months, economic and technological cooperation created an additional output value of 11.7 billion yuan, additional profit and tax payment of 1.8 billion yuan, and promoted interflow of some 50,000 personnel.

Economic circles believe that regional economic and technological associations and cooperation are an inevitable result of our development of a planned commodity economy according to our national conditions, are an important part of China's economic restructuring, and will surely progress soundly in the course of improving the economic environment and rectifying economic order.

Quantitative, Technical Research Aids Reform

OW1801215390 Beijing XINHUA in English
1309 GMT 18 Jan 90

[Text] Beijing, January 18 (XINHUA)—Quantitative and technical economics, a new science that has emerged since adoption of the policy of reform and opening to the outside world, plays an important role in policy making for the Chinese leadership.

The Institute of Quantitative Economics and Technical Economics of the Chinese Academy of Social Sciences, set up ten years ago, has done research on a series of major economic problems in China's socialist construction and reform and opening drive.

The research has helped some departments make plans for strategic development, reform measures and policy, including the "the economic development strategy for Hainan Province" and "reform plans for large enterprises."

One key topic it has studied on was "research on technical advances and industrial structure." According to the report, since 1982 China has made much headway in technological introduction, development and transformation. Over 200,000 projects have gone into operation. Five hundred of those projects had investment of over 10 million yuan.

About two-thirds of newly-added industrial capacity was due to the technological advances of existing enterprises.

However, the report points out, technical advances only reflect the attention enterprises have paid to productivity growth. They have neglected its role in increasing efficiency.

Several ways of dealing with the problem are suggested in the report. It says that technical advances should go hand in hand with the development of production capacity, and technical advances should be speeded up to promote the rationalization of the industrial structure.

In the past ten years, the institute has had academic exchanges with more than 30 countries, including the United States, Japan, the Soviet Union, Britain and France.

Foreign Economic Relations Dictionary Published

OW1801195090 Beijing XINHUA in English
1530 GMT 18 Jan 90

[Text] Shanghai, January 18 (XINHUA)—A ceremony was held here today to mark the publication of China's first dictionary of foreign economic relations and trade.

Five thousand copies of the first edition, which is still being printed, were booked by representative offices of foreign businesses, foreign-funded enterprises and foreign economic relations and trade undertakings in China and Chinese foreign trade workers.

The 3.6-million-character "Practical Dictionary of China's Foreign Economic Relations and Trade" covers 29 topics such as imports and exports, international tourism, international economic cooperation, international investment, transnational corporations, international economic organizations, treaties, commodity exchanges, international advertising and the history of trade.

The dictionary also includes introductions of leading overseas enterprises and brief biographies of 87 famous overseas Chinese entrepreneurs.

The establishment of a compilation committee to edit "Collections of China's Foreign Economic Relations and Trade" was announced at today's ceremony.

Difficulties in Screening Foreign Trade Companies

HK1901083990 Hong Kong CHING CHI TAO PAO
in Chinese No 4, 15 Jan 90, p 16

[From the "Informed Sources" Column; 11 January article by Gong Chang (0361 1603): "The Operation of Screening and Reviving Foreign Trade Companies Encounters Obstacles"]

[Text] Although the Chinese authorities have repeatedly indicated that they are determined to close down a number of foreign trade companies which are not suited to the needs of the development of foreign trade and which lack the necessary conditions to engage in foreign trade, it seems now that there are various difficulties and obstacles, big and small, in the course of doing this.

In Guangdong Province, where the number of foreign trade companies ranks first in the whole country, there are some 1,500 companies which have been engaged in foreign trade with authority. They account for one-quarter of similar companies in the whole country. Reportedly, a provincial leader said at a meeting that half of these companies would be closed down. After the meeting, however, many prefectural and city economic and trade commission directors asked the provincial

leader how they could assign new jobs to the personnel in the companies which would be closed down.

When the economic and trade commissions in some provinces and cities worked out the initial plan for disbanding some companies, the leaders in those provinces and cities always asked: Could this lead to too many closedowns? Should we also wait and see how many companies other provinces and cities will close down? All wanted to close down as few companies as possible.

Why are there so many difficulties in the course of disbanding and merging companies? Because this will directly affect the local interests. Most of the foreign trade companies that will be closed down are affiliated with various local government departments concerned, and they can earn more foreign exchange for the local governments. Some companies in fact serve as "petty bonanzas" for the local governments. Therefore, difficulties naturally exist if such companies are to be closed down.

However, no matter how great the difficulties are, the central authorities are still determined to seriously screen and rectify the companies in order to improve the national environment for foreign trade and to restore order in this field. This has also been taken as a major aspect of the in-depth reform of the foreign trade system. The authorities concerned will decide this month which companies will be maintained, which will be closed down, and which will be merged into others. People will still have to wait and see whether this plan will be successfully carried out or not.

Conference Ends on Capital Construction Auditing

OW2201124190 Beijing XINHUA Domestic Service
in Chinese 1131 GMT 16 Jan 90

[By reporter Zhang Ruisan (1728 3843 0005) and FUJIAN RIBAO reporter Ye Caisheng (0673 2088 3932)]

[Text] Fuzhou, 16 Jan (XINHUA)—According to a "national conference on the auditing of capital construction projects" that concluded in Fuzhou recently, China's auditing departments last year examined 16,855 capital construction projects, or 95 percent of the total subject to auditing, in its review of fixed assets investments in projects under construction. The audited investments totaled 60,540 million yuan, or 83 percent of total investments subject to examination. Hubei, Shandong, Henan, and Jiangsu either suspended or curtailed 205 projects, cutting investments by over 230 million yuan. In checking eight key state projects that were under construction last year, auditing departments uncovered 437 million yuan of illegally invested funds, or 15 percent of total investments budgeted for the projects.

The auditing enabled the authorities to ascertain the actual state of projects ordered suspended or curtailed.

In the case of key state projects under construction, the review enabled the authorities to understand the various problems in capital construction, including those in connection with the use of capital, the selection of projects to be launched, planning, management, and estimates of investment returns. The understanding thus developed provided the authorities with references in making relevant policies. The conference called for continuing the auditing this year of projects ordered suspended or curtailed. It also urged auditing departments at all levels to continue examining the list of suspended or curtailed projects recently published by the government for review. If necessary, the conference said, auditing departments should reexamine projects already audited, deal severely with any violations of state regulations uncovered in the auditing process, and help with the implementation of official decisions regarding the suspension and curtailment of projects.

Article Discusses Role of Enterprise Reform

HK1801100790 Beijing RENMIN RIBAO in Chinese
7 Jan 90 p 5

[Article by Zhang Yanning (1728 1750 1337): "Deepen Enterprise Reform, Strengthen Enterprise Management in the Course of Economic Improvement and Rectification"]

[Text] How to deepen enterprise reform in the course of economic improvement and rectification is a question of common concern to the departments in charge of economic work at various levels, all enterprises, and the broad masses of workers. The 5th Plenary Session of the 13th CPC Central Committee put forth the policy of further carrying out and perfecting the contracted management responsibility system in enterprises, further carrying out and perfecting the system of plant director assuming full responsibility, and further strengthening enterprise management and deepening enterprise reforms in the course of economic improvement and rectification. This is an important policy decision of the CPC Central Committee. We must gain a profound understanding of it and implement it conscientiously.

Since the 3d Plenary Session of the 11th CPC Central Committee, enterprise reforms have been carried out around the central target of changing the enterprise management mechanism and enhancing the vigor of enterprises, especially the large and medium enterprises owned by the whole people. Through various reforms, including reform aimed at expanding the decision-making power of enterprises, reform for implementing various forms of economic responsibility systems, and reform aimed at substituting taxes for delivery of profits and having a certain percentage of profits retained by enterprises so as to improve the relationship between the state and enterprises in the sphere of distribution, the contracted management responsibility has been gradually established in the enterprises on the premise of adhering to the socialist public ownership and with the

responsibility system as the core. The contracted management responsibility system is characterized by the close combination of responsibility, power, and benefits. Over the past 2 years or so since the contract system was widely adopted by the enterprises throughout the country, the enterprises have overcome all kinds of difficulties, such as the changes in the operational environment and the shortage of funds, energy, and raw materials, and deepened a whole range of reforms in their internal departments. They have strengthened enterprise management, mobilized the enthusiasm of the broad masses of workers, and increased their economic returns. In 1989, the contracted enterprises withstood a severe test in the changes of their external environment caused by the turmoil and the counterrevolutionary riot in Beijing. They played an important role in stabilizing the situation and developing the economy. The 5th Plenary Session of the 13th CPC Central Committee fully affirmed the achievements attained by implementing the contract system. It urged continuing to implement the contracted management responsibility system in the course of economic improvement and rectification. At the same time, it is necessary to conscientiously sum up experiences and overcome shortcomings so that this system can be further improved. This is not only a hope placed by the CPC Central Committee on the contract system for further mobilizing the enthusiasm of enterprises and workers, increasing economic returns, and changing the difficult financial situation at present, but also a higher demand on the contract system in correctly handling the relationship between the state and enterprises and in changing the operational mechanism of enterprises.

At present, our national economy has encountered many difficulties. Due to the mistake in the guiding ideology for economic work in the past few years, which was characterized by being overanxious for quick results, the general social demand has exceeded the general supply, the national income has been over distributed, and some serious consequences have appeared, such as the overheated economy, the dislocated structure, the confusion in circulation, the aggravated inflation, and the fact that investment in capital construction and consumption funds are both out of control. Therefore, it is necessary to adopt resolute measures to carry out economic improvement and rectification. Only in this way can we reinforce the achievements of reform and opening up. The policy decision put forth by the 5th Plenary Session of the 13th CPC Central Committee, urging the whole party and the people of the whole country to use 3 years or more to carry out economic improvement and rectification with concentrated strength, is entirely correct. Through economic improvement and rectification, the gap between general demand and general supply will be narrowed, the economic structure will be rationalized, and the national economy will be gradually brought onto the track of sustained, steady, and harmonious development. With the fulfillment of the targets of improvement and rectification, a good economic environment will be created for enterprise reform and development. The

fulfillment of the targets of economic improvement and rectification also need the cooperation of reform. Only when we make continuous efforts to implement and perfect the contract system and various other reform measures that have proven to be effective in practice, further mobilize the enthusiasm of the enterprises and the broad masses of workers, strengthen enterprise management, and promote technological progress can we further tap the potentials of enterprises, increase the effective supply, and increase output with less input. Enterprise reform and economic improvement and rectification have a common objective. Currently, enterprise reform must be subordinated to the overall situation of economic improvement and rectification. All policies and measures for deepening enterprise reform must serve the implementation of the policy of economic improvement and rectification, serve the development of large and medium enterprises which are the backbone of the socialist economy and the mainstay of state revenues, and serve the readjustment of the industrial setup, the product mix, and the organization structure of enterprises. They must enable the enterprises to further advance along the socialist orientation while adhering to the policy of reform and opening up. It is necessary to establish a new enterprise operation mechanism through deepening enterprise reform and further perfecting the contract system so that the superiority of socialist public ownership can be brought into fuller play.

The key to deepening enterprise reforms and changing enterprise operation mechanism lies in the correct handling of the relationship between state, enterprise, and workers regarding their responsibility, power, and benefit. The practice of enterprise reform shows that the implementation of the contracted management responsibility system in enterprises is an effective channel in this respect. Like reforms in the other fields, there must be a process of continuous perfection for the development of the contract system. The contract system implemented in the past few years has proven to be effective, but since it has not been practiced for a long time and we still have not accumulated sufficient experiences, and since the supporting laws, regulations, and systems are not perfect enough, some problems exist that need to be solved as soon as possible in the course of implementation. The main problems are: 1) The contract base for some enterprises is still irrational. Due to the low contract base or the low increase rate of the profits turned over to the state, the above-base portion of the profits turned over to the state is too small while excessive profits have been retained by the enterprises. 2) Some enterprises, especially some medium and small enterprises which have a shorter period of contract and poorer quality of management, do not attach importance to the momentum for enterprise development. 3) A small number of enterprises have not strictly carried out the "contract regulations" and the "leasing regulations." The income of some managers is too high. 4) Some enterprises have "replaced management with contract" and have neglected internal management. These problems, many of them work problems, are not completely

problems of the contract system. They can be solved in the course of perfecting the contract system.

While deepening enterprise reforms in the period of economic improvement and rectification, it is necessary to firmly and resolutely implement the policy of the 5th Plenary Session of the 13th CPC Central Committee on continuing and perfecting the contract system in enterprises and proceeding from the overall situation of stabilizing the economic situation, ensure the continuity and stability of policies. It is necessary to unify our understanding and sum up our experiences so that the contract system can be continuously perfected and the mechanism for restraint can be strengthened while continuing to give play to the roles of the encouragement mechanism. In our opinion, the following measures can be considered: 1. **To conscientiously do a good job in connecting the two contract periods in accordance with the methods provided by the "contract regulations."** Overall auditing should be made according to the requirements of the "contract regulations" and the signed agreements on the first round of contracted enterprises so as to make a realistic appraisal of their managers, earnestly realize the signed agreements, and protect the seriousness of such agreements. On the basis of the overall auditing, it is necessary to work out and implement new contract schemes as soon as possible. The enterprises which have done a good job in realizing the contract according to the industrial policy can have their contracts renewed or extended in light of their concrete situations. It is necessary to define the forms and periods of the contract in light of the different situations in various enterprises. In the period of economic improvement and rectification, the large and medium enterprises which are in conformity with the state's industrial policies and are in need of support can chiefly adopt the form of "two contracts and one link" in contract. In matters concerning the profits turned over to the state, they may adopt either the method of contract on the basis of increment or the method of base contract with retention of above-quota profit. The contract period should be suited to the task of technological transformation. Other profit-gaining enterprises can define their concrete forms in light of their own situations, while low-profit or losing enterprises can continue to adopt the method of fixed-quota contract for profit turned over to the state or the method of fixed-quota subsidies and reduce their losses. 2. **To set a rational contract base.** In view of the current financial difficulties, the base for the next round of contracted enterprises should be appropriately and rationally readjusted in accordance with the principle of maintaining overall stability, making necessary readjustments, and rendering more contributions to the state and the requirements of the state's industrial policies, and in light of the average profit rate of the local funds and the fulfillment of the first round of contracts. It is also necessary to give consideration to some other factors, such as the tasks for technological transformation and the expected economic returns. To those enterprises whose contract base, increment rate, or proportion of profit turned over to the state was on the low side in the first round and those whose

technological transformation has begun to bring about more economic returns, their contract base and the proportion of profit turned over to the state should be appropriately increased. On the other hand, to those which are in need of support and which have run into heavy debt, their contract base and both the increment rate and proportion of the profit turned over to the state should be appropriately reduced. At the same time, to the enterprises which are not run in accordance with the state's industrial policies and which need to be restricted, their contract base and proportion of profit turned over to the state should be appropriately raised. **3. To perfect the terms for the signed agreements for contracting.** The next round of contracts must accord with the requirements of the "contract regulations." In other words, it is necessary to conscientiously examine the fulfillment of the task of turning over profits to the state and the task of technological transformation, the fulfillment of the mandatory planning of the state, the quality of products, materials consumption, and production safety. At the same time, it is necessary to make clear the responsibilities and obligations of the contractors. The relevant government departments must carefully examine the articles of the contract and clarify responsibilities and obligations of all parties concerned, so as to create conditions for the fulfillment of the signed contracts. **4. To improve the method of linking wage to economic returns and control the excessive growth of the consumption funds.** All enterprises which have adopted the contract system should, in principle, adopt the method of linking total wage to economic returns at the same time. Those which have not yet adopted this method should contract the total wage. When examining the implementation of the system of linking total wage to economic returns, apart from the main targets for examining economic returns, it is also necessary to set some economic and technological targets for examining quality, consumption, safety, and labor productivity. All the enterprises which have linked total wage to economic returns must establish a system of wage reserve funds. They must strictly carry out the relevant state regulations on the management of funds and pay wage regulation tax or bonus tax according to the regulations. **5. To strengthen management of the income of managing personnel.** The managing personnel should get their income in strict accordance with the "contract regulations" and according to their achievements and contributions. In the period of improvement and rectification, the annual income of the managing personnel can be 100 to 200 percent higher than the average annual income of the workers in their respective enterprises. In a small number of especially outstanding enterprises, it can be 300 percent higher, but not higher. All localities must work out concrete details and adopt different wage scales in light of the scale of enterprises, the characteristics of businesses, and the differences in contribution and in light of their concrete conditions. Auditing is necessary before paying wages to the managing personnel. The concrete plan for distribution of income among the managing personnel and other leading members of the

enterprises should be examined by the workers' representative assembly and approved by the higher level responsible departments. The managing personnel have no right to decide this distribution all by themselves. **6. To continue to implement and perfect the system of plant director assuming full responsibility.** Implementing the system of plant director assuming full responsibility is the main content of the "Enterprise Law." All localities and departments must conscientiously implement the "Enterprise Law" and protect the legitimate rights and interests of plant directors according to the law so that they can normally perform their duties. The party organizations in enterprises must firmly grasp the work of improving the party's ideological, organizational, and work style and give full play to the leading role of political and ideological work so as to ensure and supervise the implementation of the policies and principles of the party and the state and ensure that the enterprises can develop along the socialist orientation. The enterprise party committees must support the plant directors in exercising their duties. They must participate in the discussion of important questions of the enterprises and offer their views and suggestions. The middle-level administrative cadres of the enterprises are nominated by the plant directors or commended by the party committees. Their appointments and dismissals are then made by the plant directors after a collective discussion by party and administrative leaders. It is necessary to make further efforts to ensure that the workers are the masters of the enterprises and to establish and perfect the system of democratic management. **7. To continue and deepen the coordinated reforms of the labor, personnel, and distribution systems in enterprises and further improve their internal economic responsibility system.** It is necessary to further carry out and improve the measures for the coordinated reforms within the enterprises regarding cadre appointment, optimizing labor organization, distribution according to work, and streamlining organizations, assign the economic responsibilities of the enterprises and various tasks concerning enterprise management to various workshops, offices, groups, and individuals, and establish a network of the economic responsibility system in which responsibility, power, and benefit are unified and the worker's income is linked to their achievements and contributions, so that the workers can share a common fate with the enterprises and enhance their sense of responsibility as masters of the enterprises. **8. To strengthen enterprise management and increase enterprise quality.** First, it is necessary to strengthen the basic work of enterprise management. In this respect, emphasis should be laid on improving and perfecting the basic work and various regulations and systems on fixed-quota management, cost management, fund and quality control, and economic accounting. It is necessary to organize production in strict accordance with the set standards and establish an enterprise standardization system with technology standards as the main body and including work standards and management standards. It is necessary to earnestly do a good job in statistical and information work so that the basic figures can be perfect, accurate, and complete. Second, it

is necessary to strengthen on-the-spot management. It is necessary to strengthen the building of grass-roots work units and groups, run the factory in a strict manner, build up a good production environment and order, overcome the situation of lax discipline and disorder, strengthen labor discipline and on-the-job responsibility system, and ensure safety in civilized production. Third, it is necessary to further grasp the work of upgrading enterprises with increasing quality, reducing consumption, increasing returns, and ensuring safety in production as the main tasks. It is necessary to further raise and perfect the upgrading standards for enterprises on the basis of the already-made initial achievements, improve the methods and work procedure for inspection, and further increase the level of enterprise operation and management. Fourth, where conditions allow, the large and medium enterprises must use computers to help improve their management. **9. To enthusiastically promote enterprise merger and optimize the organization of major productive elements among enterprises.** Enterprise merger is an important measure for readjusting the economic structure. In the period of economic improvement and rectification, it is necessary to enthusiastically support and promote the merger of enterprises that is in conformity with the industrial policy. In the merger of the enterprises owned by the whole people and under the jurisdiction of the same responsible department, the method of incorporating assets by administrative setups can be adopted. In the merger of enterprises under different ownerships or under the jurisdiction of different departments, the method of compensated merger should be used so that the interests of various parties can be well harmonized. The forms of enterprise merger by shouldering liabilities and by buying and holding shares must be encouraged. When the conditions are not ripe for the merger, the organization of major productive elements can be optimized through the contracting and leasing of enterprises. **10. To further develop enterprise groups.** It is necessary to improve the quality of the existing enterprise groups according to the requirement of "improving and becoming mature" and strengthen their nuclei and the ties among various member enterprises so that the key role of the enterprise groups can be brought into full play in economic development. It is necessary to establish some new enterprise groups in those departments that need to be developed according to the requirements set by the state's industrial policy. At the same time, it is necessary to expand the decision-making power of the enterprise groups and help them promote the export of their products to the international market.

Article Views High Tech Defense Industry

HK0501092490 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 29 Dec 89 p 2

[Article by Wang Luye (3769 6424 8763): "The Role of the High-Tech Industry for National Defense in the National Economy"—this article was a thesis at the 1989 National High-Tech Industry Development Symposium]

[Text] Since the late 1970's, international cooperation has become increasingly widespread. In the fields of science, technology, and economy, high technology, as well as the high-tech industry, have become a commanding height for the possession of which all countries are contending. The competition in comprehensive national strength has become the center of politicians' attention in all countries. Changes in the international political situation and the shift in the focus of contention have a strong impact on the world's huge military industry—which came into being with World War I and was gradually improved and perfected in World War II—and has subjected it to unprecedentedly serious challenges. According to statistics, since World War II, the military expenditures of all countries reached \$17,500 billion, a considerable portion of which has been invested in military industry. In working out a new state strategy, a major issue facing all countries is how to bring into play the forces which concentrate large numbers of outstanding people and possess advanced technology and equipment so that they can ensure national defense construction, and serve as a main force of the state to develop science and technology and stimulate the economy.

I

Since the founding of New China, the science, technology, and industry for national defense have grown out of nothing and from small to large. China has set up a system of science, technology, and industry for national defense with a fairly complete variety of specialized trades, such as nuclear energy, aviation, electronics, weapons, shipbuilding, and spaceflight, which is basically coordinated by scientific research and experiments, and production. This has enormously enhanced China's defense status and vigorously boosted the development of some new high-tech industries, such as aeronautics and astronautics, telecommunications, computers, new materials, nuclear energy, and so on, thus promoting the progress of metallurgical, petrochemical, petroleum, mechanical, textile, and other traditional industries.

After more than 3 decades of construction, China's science, technology, and industry for national defense have attained some scope and capabilities in developing high-tech industries. The number of enterprises engaging in the production of high-tech products accounts for about 30 percent of the total number of enterprises, the number of personnel engaging in high-tech scientific research and technicians accounts for 35 percent of the total staff, and the number of engineers accounts for 36 percent. They have developed into several dozen billion yuan worth of fixed assets, of which high technology accounts for a considerable proportion. If we bring into full play the role of this force, it will have a major impact on various aspects, such as producing high-tech products with a high starting point and added value and opening up the international market; improving the quality of China's traditional industries; alleviating the strains on energy, transport, raw materials, and other industries

with weak foundations; importing, absorbing, and renovating major technologies and large state projects requiring concentrated solution; and rejuvenating the regional economy.

II

Over the past few years, China's science, technology, and industry for national defense has integrated military and civilian production, bringing into play its advantages in technology, personnel, equipment, and management, and produced import substitutes and export commodities having a high starting point and added value. Its practice proves that this is a correct way which is in line with the state industrial policy and does not compete for profits with civilian industries. For example, the No 725 Institute of the China State Shipbuilding Corporation has provided Beijing's heating power project with a large-diameter expansion joint [peng zhang jie 5191 5195 4634] with a lifespan of 50 years, which can be used as an import substitute and which can meet the needs of the project. The huge electronics display screen developed by the No 708 Institute has been selected for use by the Asian Games; and by developing the micro speed check radar the No 724 Institute has filled in a gap in China's modern management of communications. To cater to the needs of the developing domestic economic construction and the continuous appearance of high-rise buildings and key facilities, and the urgent need to beef up fire-prevention safety measures, the No 262 Plant of the China Nuclear Energy Industry Corporation has given play to its technological advantages of weak electric current measurement and ionization in the fields of nuclear detection and nuclear devices, and developed such products as fire alarms, nuclear medical instruments, environmental monitoring instruments, and isotopic application instruments. These products occupied a lion's share of the domestic market and have been exported. The fully automatic multi-functional lathes produced by Nanjing Machinery Plant is a high-tech machinery and electrical product with the world standards of the 1980's. Its TX-8 digital-control system and GPS display system are crucial parts of the products. By bringing into play the technological advantages of the military industry, the plant succeeded in developing these parts and has gone into batch production. In 1988 alone, it received orders for 70 lathes, thus saving over \$1.4 million in foreign exchange for the state. According to incomplete statistics, in Shaanxi Province alone, over 30 civilian products manufactured by military industry enterprises have been listed as import substitute products.

The high-tech industries are always closely related to the world market. There are two reasons for it: The first is the international character of high technology itself. Catering to the international market is one of the principal conditions to retain vitality and competitiveness. The second is that in turning out high-tech products we still need some parts, components, and technology from abroad. If we don't export our products, it will be very hard to maintain a balance between foreign exchange

receipts and expenditures, let alone earning foreign exchange for the country. Therefore, to develop high-tech industries, the science, technology, and industry for national defense must rely on its technological and intellectual level for survival and growth on the international market.

III

Another important role of science, technology, and industry for national defense is to rejuvenate the local economy, because unitary and exclusive production of military goods seriously prevented the industry from bringing into play its economic functions. Since the 3d Plenary Session of the 11th CPC Central Committee, the science, technology, and industry for national defense has implemented the 16-character principle of integrating military with civilian production and marched toward the main field of national economic construction. The advantages of military industrial industry in science and technology development and comprehensive coordination, as well as its irreplaceable leading position in high-tech industry determines that it is bound to exert a lasting impact on the rejuvenation of local industries once it is combined with civilian industries and local economy.

The high-tech industry is a combination of many technologies. The increased or added value is a principal index for judging the industrial economic results. But the key to whether or not it can increase value lies in comprehensively applying the growth potentials of various production factors. In developing the high-tech industry, the basis of comprehensive coordination of various technologies and equipment of science, technology, and industry for national defense should be utilized to undertake greater responsibilities in developing, and tackling problems of, major state construction projects and equipment, turn out complete sets of optical, mechanical, and electrical technological products, and raise the quality of China's basic industries, such as energy, communications, and raw materials, and the quality of traditional industries.

IV

But we should also be soberly aware that the development of high-tech industry is essentially a competition of intellectual power, economic power, and comprehensive power between countries. In this competition, our country is still in a weak position and there are a lot of difficulties and unfavorable factors facing us. This is a basic fact. It is a basic starting point from which we consider our strategic policy. The ongoing improvement and rectification of the national economy has set newer and higher demands on the development of high-tech industry. Given the situation in which hopes and difficulties coexist, and opportunities and challenges lie side by side, it is extremely necessary and urgent for science, technology, and industry for national defense to apply all their advantages, overcome their disadvantages, find a

path to develop high-tech industry in keeping with our national conditions, and get moving in a down-to-earth way.

In developing high-tech industry, the science, technology, and industry for national defense must adhere to limited objectives, make a breakthrough selectively, and push forward step by step. The overall level of the existing high-tech products of China's science, technology, and industry for national defense lags behind the world's advance level by 15-20 years. Its growth still principally depends on input of capital and manpower. We have not genuinely embarked on the road of relying on science and technology to achieve a sustained and stable development. Most of our products are at the medium- or low-level. In developing high-tech industry, China's main difficulties are: Capital shortage, insufficient personnel, weak basic industries, and incomplete market growth. Ours is a big socialist state frequently restricted by developed countries in importing advanced technology and it is even more difficult to import technology related to national defense. To develop high-tech industry, our science, technology, and industry for national defense must proceed from this practical condition, adopt limited objectives, make a breakthrough selectively, and adopt a progressive method in order to attain results as soon as possible.

All trades in science, technology, and industry for national defense should seize the opportune moments to give scope to their advantages and fully utilize and rationally deploy the resources in their trades so as to develop high-tech industry with their own trade features. For example, the nuclear industry should take the nuclear power generation and isotopic radioactive technology as the focus and make contributions to changing China's energy pattern and shortage; the aeronautics industry should focus on the development and production of arterial and feeder aircraft, take an active part in international cooperation, vigorously develop transport planes and helicopters urgently needed in our country, and make contributions to changing China's transport and communications pattern, improving its comprehensive transport capability, and easing the strains on transport and communications; the weapons and shipbuilding industry should focus on the penetration and application of high technology incorporating optical, machinery, and electrical parts in traditional products, and improve product performance and quality so that the traditional products can use more electronic parts, have intelligence, incorporate optical, machinery, and electrical parts, raise their added value, and thus provide traditional industry with a new generation of technology and equipment.

Enterprise Groups Improve Structure

HK0601052290 Beijing JINGJI GUANLI in Chinese No 11, 1989, pp 27-31

[Article by Liu Gang (2692 0474), edited by Li Fei (2621 7236): "Development of Enterprise Groups is one of the Ways To Improve our Enterprise Structure"]

[Text] Not long ago, we conducted a survey of nearly 20 enterprise groups and found that this form of enterprise groups played a beneficial and promotional role in the "social amalgamation of the production process" and the amelioration of the enterprise's organizational structure.

I Current Conditions of our Country's Enterprise Groups and An Analysis of Their Organization Structure

Since the 3d Plenary Session of the 11th CPC Central Committee, under the guidance of the policies on reform and opening to the outside world, and stimulated by the central government and the relevant departments of the various localities, various forms of lateral economic combinations have extensively developed and a number of enterprise groups and united bodies full of life and vitality have made their appearance. The number of enterprise groups has rapidly increased and their scope of operations has continuously expanded. At the end of 1988, there were over 1,500 enterprise groups of a definite scale. They were principally concentrated in the economically developed regions along the coast. Large enterprise groups operating across industries and trades and localities have continuously appeared. The association and combination links of enterprises inside the country are developing in many varied forms and in a deep-going manner. As a result of the enterprise groups possessing strong points and comprehensive functions of united bodies which single enterprises do not have, they have been displaying an increasingly important role in the national economy. Seen from the present conditions of the enterprise groups we surveyed, they have manifested different characteristics on account of the different localities, industries and trades, and products:

1. The Beijing Snowflakes Electric Wares Group Corporation.

This corporation takes as its nucleus the Beijing Snowflakes Refrigerator Principal Plant and forms a group in combination with five enterprises originally subordinate to the Second Light Industry Bureau. The group enforces the "six unions" in production, supply, marketing, personnel, finance, and materials. To a definite degree this form of combination is beneficial to centralized and united directions in production, and has shown obvious economic benefits. However, since among the component units there is no such economic unity as participation in shares and stocks, objectively the initiative of the component units is hampered and this makes the group lack the power of economic cohesion. The organizational structure of the Snowflakes Group belongs to what we call the excessively close-knitted type.

2. North China Electric Whole-Set Equipment Company. This group is formed by 33 single units, of which 7 units belong to the nucleus layer and 26 units belong to the loose layer. Moreover, the group itself does not have the power of personnel control over the cadres and the staff members and workers, while among the constituent

units there are no share participation relations. In consequence, this type of organizational structure lacks a strong link of economic liaison and we call it the over-lax type.

3. The Guangdong Wanbao Electric Wares Group.

Organized in April 1988, this group has 43 constituent units. Of these, 22 units (51 percent of the total) participated in each other's stocks and shares, forming mutually infiltrated and closely knitted relations of the so-called "you are a part of me and I am a part of you." The group used the share participation funds to form a financial company, a supply and marketing company, a technical developing engineering company, and an export company. Its internal organization is composed of three levels. The first level is the headquarters of the group and is the center of operations, policy-making and investments; the group enforces the guideline of centralized policy-making, unified planning, and operation and management at separate levels. The second level is the specialized industrial company and functional company and is the profits center. The third level is the production plant and enterprise of cooperative production and jointly financed operation, being the controlling center of quality and cost of production. The group and the specialized company and functional company are like mother and son in their relations as between the owner of property right and the contracting operator. Inside the group the vertical and lateral relations are all economic transactions. The obvious strong points of such an organizational structure are: The group manifests the principle of decontrolled operation, the business department adopts the form of contracted operation, while the production plant and the jointed-financed operating enterprise also have a large measure of decision-making power. All three levels are beneficial to enlivening and invigorating and the entire group is full of life and energy. We call the organizational structure of the Wanbao Group a closely-related assets type.

4. The Shenzhen Saige Group.

In the Shenzhen SEZ, this group has highly and singly endowed superior conditions. Of the group's 158 constituent members, 93 enterprises, or 58.8 percent of the whole, are wholly financed, or controlled through share holding or share participating by the group companies. It has begun to form the pattern of using funds and combination links with the parent company and the offspring company depending on each other for survival. The principles governing the formation of this group are: voluntary participation, free withdrawal, no levy of management fees, and non-compensatory services. The group trains service personnel for the component units, develops new products, and renders services without charge. The strong points of the organizational structure of this group are the promotion of the integration of industry with scientific research and industry with currency and finance and speeding up the steps in the development of the externally-oriented type of economy. It also belongs to the closely-related assets type.

5. The Dongfeng Motor Vehicles Industrial Jointly-Run Company (Second Motor Vehicles Group)

The Second Motor Vehicles Manufacturing Plant relatively early understood the necessary nature of the organization of an enterprise group and devoted strenuous efforts to displaying the role of a large enterprise in the transformation of the organizational structure of enterprises. In 1980, ahead of others it established the country's first Dongfeng Motor Vehicles Jointly-operated company. After eight years of reform and probing, at present it has formed a combination of 278 enterprises scattered throughout the 27 provinces, regions and municipalities in the country which takes the "Dongfeng" Brand lorry as the dragon-head product, features the combination of large and small enterprises, combination of entire car-making final assembly and the coordinated making of supplementary equipment, combination of motor vehicle development and manufacturing with marketing and rendering of services, and leads the products to reach the level of a motor vehicle industrial system of dimensional economics. The whole group's production volume of motor vehicles, gross industrial output value, sales receipts and realized profits have reached one third of the motor vehicle manufacturing industry as a whole. In the course of the organization of the group, they followed the principles of the ameliorated fixing and allocation of the existing volume of assets and the display of dimensional effects, pushed in an organized and planned manner specialized division of work and cooperation, carried out the reorganization of the enterprises, vigorously lashed at and attacked our country's pattern in the motor vehicle manufacturing industry of the existence of "small but comprehensive" units and of redundant construction and production, enforced the "four unifications" of regulations, planning, operation and management, weeded out five car models of mixed and inferior bands, and rearranged the products and personnel of the constituent units according to the demands of specialized production. As a result of the enforcement of unified regulations in production, and subjecting the production of car parts to unified standards, redundant and duplicate production and waste were reduced and elevation of the total benefits was facilitated. For the sake of conforming with the innate demands of a commodity economy and modernized large-scale production, transformation of enterprises' internal organization structure was speeded up and a corporate structure with three levels of responsibility centers was instituted. The first level was the company proper—responsibility center of investments; the second level was the specialized department—responsibility center of profits; and the third level was the specialized plant—responsibility center of cost of production. The three levels of responsibility centers effected a rational division of work and power, separately carried out the different responsibilities of an economic entity, and opened up a road of orderly dispersal of operation and management. In 1987, the state sanctioned the second motor vehicles group to establish a financial company. One-hundred and sixteen

constituent members have already purchased the shares and in addition a portion of bank funds have been absorbed. This not only effected the conversion of administrative subordinate relations to relations of handling by ownership rights and facilitated the merging of estate and currency but also pushed the formation of a new pattern in the organizational structure of the enterprises inside the group and formed a network type of a new structure comprising of a nucleus level, backbone level, and cooperative level. We call the organizational structure of the second motor vehicles group as the combination type of specialized cooperation and assets infiltration.

The principal features of the above-mentioned four types are:

1. Strong in administrative relations and weak in economic relations.

At present the organizational structure of enterprise groups mostly takes administrative power and covenant contracts as the link of combination. The use of assets infiltration as the linking cord in combination occupies a rather small proportion. Some enterprises enforced the structural combination of the "six unifications," but because of the inaccurate assessment of the assets, in reality it was a shift in administrative subordinate relations and in most cases they were enterprises of the original system, or the relations between the principal plant and the branch plants and some were even reproductions of companies of an administrative character.

2. Exhibiting the two trends of being either too-tight or too-lenient. Combination of the principal body and the parts being too tight will cause too many restrictions and make the group constituents lack vitality whereas being over-lax will make the liaison lack stability and the group lack coagulating power. The Wanbao and the Saige groups of the assets closely linked type and the second motor vehicles group of the combination type of specialized cooperation and assets infiltration are relatively rational in their organizational structure.

To make the enterprise groups develop in a healthy and steady manner it is necessary to have a correct understanding and scientific knowledge of the enterprise groups. In my opinion, as a high-grade form of union of enterprises, enterprise groups should have the following five basic features:

First, the mother body of the enterprise group should be an economic entity and cannot be an administrative company exercising government functions;

Second, an enterprise group should include several enterprise bodies and should not consist of only one large enterprise;

Third, the number of enterprises inside the group must have a fixed binding cord to combine them together so as to form an organic entity;

Fourth, the certain enterprises bound together by a fixed binding cord should form levels of different degrees of tightness and must form a tight level or nucleus level;

Fifth, inside the group there must be mutual share participation and investment center, profit center, production cost center and scientific and research center must be formed.

II Developing Our Country's Enterprise Groups

Enterprises of the group type consist of a new type of enterprise organizational structure, a new thing appearing in the reform of our country's economic structure, being the natural result of the conversion of our country's enterprise organizational structure from the unitary type to the pluralized type and representing the natural tendency in enterprise reform and economic development. The obvious differences from the enterprise bodies and united bodies of the lower-level and lateral combination: assets centralization is the essential characteristic of the enterprise groups; the centralization in varying degrees of the estate assets which are trans-localities and trans-departments; promotion of the close association of estate with science and technology and requiring the merging of estate assets and financial assets. Although the history of the growth of enterprise groups in our country is only seven to eight years in length, it has already manifested its strong promotional role and organizational role in developing the productive forces. The principal manifestations are:

1. Due to the enterprise group possessing the role of an ameliorated enterprise union facilitating the rational flow of the essential means of production, the state is enabled, under the conditions of not making any input or making less input, to promote the readjustment of the enterprise organizational structure, product structure and estate structure and thus form an appropriate dimensional economy.
2. The possession of fresh and special characteristic of taking the market as the guidance and playing the role in the market in the form of collective operation and socialized large-scale production demonstrates an active role in improving the market mechanism and establishing a normal order in the socialist commodity economy.
3. Possession of an important role in facilitating the union of industry and commerce, union of technology and trade, development of externally-oriented economy, and participation in international competition and exchange. Enterprise groups have relatively strong economic strength and a high scientific and technological level. This enables them to make full use of both internal and external resources and face both the internal and external markets. In recent years, there has appeared the tendency of our country's large enterprise groups serving as "national teams" in competition in the international market.
4. Development of enterprise groups has a strategic significance in ensuring the socialist public ownership economy to hold the leading and principal position in the national economy. Following the progress of the

reform of the economic structure, in the economic structure of our country a pattern of the co-existence of different forms of the ownership system has existed. According to our national conditions, privately-run economy, individual economy and foreign capital economy are all supplements to the economy of the public ownership system. The economy under the public ownership system is the martial foundation for the establishment of the socialist system. Development of the enterprise groups with the dependence laid on large enterprises under the system of ownership by the whole people has the purpose of making them become supporting pillars of the national economy and definitely fixing the principal position of the public ownership system, thereby further displaying the strong and superior points of the socialist system. The state can then rely on a number of large enterprise groups to ensure that the economy under the public ownership system holds a prominent and commanding position and that the state's macroeconomic guidance of the economy is realized. The state's estate and industrial policy can also be thoroughly implemented by depending on the large enterprise groups and display its guiding and backbone role in the socialist economy.

5. Development of enterprise groups is an effective measure to implement the economic guideline of improvement and rectification.

Improving the economic environment and rectifying the economic order are the major tasks in the economic work for several years from now on. Whether or not the large and medium-sized enterprises can pass over the current difficulties has an important bearing on whether or not the entire national economy can extricate itself from the current dilemma. Readjustment of the industrial structure, product structure and enterprises' organizational structure will have to depend on the enterprise groups and large enterprises to amalgamate and merge those enterprises and products which have suffered losses for a long time or are on the verge of bankruptcy or have no future prospects so that the idle equipment and machinery can start running again, the stagnated funds can again display their effects and, under the conditions of making less input or no input at all, the existing enterprises can still fully play their role; increasing the effective supply depends on the enterprise groups and large enterprises to provide even more products which are marketable and can effect the return flow of large amounts of money to the treasury; and ensuring the financial revenues will also depend on the enterprise groups and large enterprises, on the basis of strengthening their own management, to improve the quality of their products, lower the consumption of materials, reduce the use of funds and make more accumulations for the state.

Regarding the trend of the development of enterprise groups in our country, we should have a correct understanding of the existing four serious problems:

(1) State of over-development and lack of proper regulations and a portion of the enterprise groups being in

name only and lacking reality. Principally, there are the following three conditions: 1. Existing as an enterprise group in name but being in reality a loose association body. No tight or close-layers are formed but on account of certain needs a loosely-organized body of a number of enterprises being bound together in contractual form is created. Further perfection is required to make it into an enterprise group and economic entity and a nucleus layer must be formed. 2. In name an enterprise group but in reality an organization of an administrative nature being just the duplicate of a regular administrative organ. This kind of organs depends on administrative orders for formation, uses administrative power to serve as the binding cord, such as in the cases of separately dispersing investments, dispersing materials resources and issuance of plans. The principal functions are in connection with administration and management. It is worth noting that following the retrenchment in the government organs there is a tendency in the increase of the number of enterprise groups. 3. Though possessing the name of an enterprise group, in reality it is a new enterprise jointly invested in by a number of enterprises and the united body of the various investing sides. Unions of this kind have their active role but are not enterprise groups and do not possess the comprehensive functions of enterprise groups.

(2) Because the binding cord of the enterprise group is not firm enough, the life expectancy of the enterprise groups is short and their rate of survival is low. Only 12 percent of the enterprise groups have survived for over 5 years. Some enterprise groups, though not having clearly announced their dissolution actually survive in name only. There are many causes for this. In some cases the binding cord which links the enterprises together is lacking and in some cases the cord is not strong enough. For example, in the case of those enterprise groups which rely on administrative power as the binding cord, once the reform has deepened, the enterprise's autonomous power has expanded and the role of the administrative power has weakened, then the enterprises cannot be maintained. In the case of certain enterprises, although cooperative relations in production exist, yet dependence alone on contracts and agreements is sufficient to maintain cooperation and there is no need for the formation of enterprise groups. In such cases, if enterprise groups are reluctantly formed, once there are changes in the supply and demand relations, then the enterprise groups can hardly be maintained.

(3) Determining the enterprise group's internal relations only through the management level is difficult to break through the bondages of the "three no-changes." Certain enterprise groups have studied the internal relations only through the management level, such as how to unify the various sectors of production, supply, sales, personnel, finance and resources. In our country at present, the old and new economic structures co-exist, the enterprises are still subordinated to the administrative departments and without "grandma" in charge normal production can hardly be maintained. Hence, when enterprise groups are formed which are trans-localities, trans-departments and trans-ownership system, conflicts will rise with the

localities and departments and many enterprises have found it difficult to contend with these conflicts.

(4) Development of the enterprise groups has many conflicts with the current economic structure and it is very difficult for it to make any progress. At present, a small portion of the enterprise groups, by means of readjusting the assets relations, (such as the Wanbao and Segai Enterprise groups) broke through the bondages of the "three no-changes," while enterprise groups like the "second motor vehicles group," through the transitional measure of being listed in the state plan, have basically solved the conflicts with the localities. However, in the case of the majority of the enterprise groups they still have important conflicts with the existing economic management structure. First, the control targets of fixed assets investments and loan targets are now fixed according to the localities (with the exception of 14 enterprise groups listed in the plan of the state planning commission), and the constituent members of trans-localities enterprise groups do not have a share in the targets, thus resulting in their inability to carry out the technical transformation of their investments and the readjustment of their product structure. Second, water and electric power supply of the enterprises is organized by the localities. Some enterprises, after having taken part in enterprise groups in outside localities, have not received the same treatment as their local counterparts in regard to water and electric power supplies and, naturally, they have their worries. Third, some enterprise groups are already listed in the state plan but their financial relations are still with the localities. Since the state is implementing the policy of "eating at separate kitchens" in finance and reinforcing the interest motive of the localities, and on the one hand the state demands the fulfillment of the planned target while on the other hand the localities demand the assurance of being able to make financial deliveries to the treasury regularly, this brings about the dislocation between the production protection conditions and the capital funds protection conditions and the development of many trans-localities enterprise groups is restricted.

In order that enterprise groups may be consolidated and develop under the guideline of improvement and rectification, it is recommended:

1. Strengthening the macroeconomic regulations and carrying out guidance by categories.

The relevant economic management departments of the state, based on the technical and economic characteristics of the estate or industry, and the pattern of supply and demand and according to the development schedule of the industry and estate, should formulate the policy on organizational structure of the enterprises, raise the centralization degree of production of the major industries, regulate the near-term and longterm dimensional economy suited to the industries or estate, push rational division of work and cooperation between the industries, promote the rational flow of the essential factors or

means of production, and avoid the tendencies of low-level repetitions and localization. Regarding the enterprise groups which have initiately come to maturity and exercised rather large influences, their experiences in the personnel sector should be summarized to be copied by the other groups. Different industries and estates should have different enterprise structures: basic industries should have as their principal bodies united enterprises of the large type and enterprise groups; processing and manufacturing industries should actively and safely develop enterprise groups and establish enterprise group bodies composed of large, medium-sized and small enterprises possessing innate relations for coordination and development; regarding enterprise groups composed of industries and trades such as the railways, electric power generation, post and tele-communications which have a bearing on the national economy and the people's livelihood, we may well consider suitably increasing their number in the planning list of the state planning commission; and as for certain overheated industries and products, formation of enterprise groups should be restricted.

2. Regarding enterprise groups which have begun to possess the necessary conditions we must increase their capital infiltration, reduce the administrative intervention over them, and create for them a good external environment.

Actual practices have shown that the coagulating force for the existence and consolidation of the enterprise groups lies in the assets infiltration in various forms among the constituent members and the gradual weakening of the administrative subordinate relations. According to the principle of the separation of government from enterprise functions, so far as the relatively matured enterprise groups are concerned, we must make them gradually become independent economic entities with the state doing the adjustment and control work by means of policies, regulations and taxation. Regarding those enterprise groups which have begun to acquire the necessary conditions but still require help from the relevant departments to make them achieve maturity, the administrative departments should put on the green light and refrain from making any intervention. The departments concerned should create a good external environment for such enterprise groups and provide them with all necessary facilities in such sectors as energy, communications and transport and raw materials.

3. The state should macroeconomically formulate a slanting policy to the end that the enterprise groups may fully display their comprehensive functions and aggregate benefits. Large enterprise groups are the "synthetic army corps" of the national economy in foreign trade; they possess comprehensive functions and aggregate benefits incomparable to single units. Regardless of whether we start from the near-term target of readjusting the industrial structure and improving the economic environment or from the long-term objective of accumulating economic strength to become an economically strong power in the 21st century, the state should adopt

a slanting policy toward the development of enterprise groups, give them greater power in investment policies as well as autonomous power in external economic activities, promote the merging of industry and finance, encourage their development into trans-continental companies wielding world-wide influences and strive for the objective that in the near future these future these tens of thousands of enterprise groups will become the major forces of the national economy and the "national teams" in the acquisition of foreign exchange through the export trade.

CPPCC Forum Views Industrial Efficiency

OW1701053690 Beijing XINHUA Domestic Service in Chinese 0508 GMT 15 Jan 90

[By reporters Zou Aiguo (6760 1947 0948) and Sun Yong (1327 0516)]

[Text] Beijing, 15 Jan (XINHUA)—More than 200 Standing Committee members of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] gathered at the CPPCC auditorium today to discuss the "Opinions and Suggestions on Raising the Economic Results of Industry" submitted by the CPPCC Economic Committee. They held that to switch the industry onto an efficient course is a fundamental guarantee for continued, stable, and coordinated development of the economy.

The opinions and suggestions are to be discussed and amended by these Standing Committee members before reporting them to the CPC Central Committee and the State Council.

The meeting was presided over by Gu Mu, vice chairman of the National Committee of the CPPCC. Li Gang, Standing Committee member of the CPPCC and a member of the CPPCC Economic Committee, explained the contents of the suggestions and how these suggestions were made.

The meeting held today was the third special forum for the Standing Committee of the Seventh National Committee of the CPPCC. The topics for the former two forums were educational expenditures and ideological and political work in the institutions of higher education. It was learned that the CPPCC Economic Committee together with the provincial and municipal CPPCC in Jilin, Jiangsu, Guangdong, Shanghai, Gansu, and Sichuan conducted an investigation in the second half of 1989 on the economic results of China's industries and enterprises. During the last 10 days of November, the CPPCC Economic Committee invited responsible comrades of relevant departments and commissions under the State Council to hold a forum. At that meeting, all the participants agreed that it is necessary to take this opportune time to improve the economic environment, rectify the economic order, and deepen the reform in order to solve the problems hindering the promotion of the economic results through ideology, policies, and structure and to establish a sound economic mechanism

which conforms to the national situation in China in order to switch the industry onto an efficient course.

Li Gang said in his explanation: China's national economy has achieved marked results in recent years. However, it also has been hindered by many difficulties and contradictions which have resulted in restrictions on further developments of the national economy. The crux of the problems lies in the fact that the obstacles which affect the promotion of economic results still exist in ideology and understanding, principles and policies, and the administrative structure of economic work.

According to a report by the CPPCC Economic Committee, these problems include a poor understanding of the objective economic rules and the national situation. Ideologically, people are overanxious for quick results and blindly seek quick progress. Some economic policies are not proper, which, in turn, leads to a downfall of the economic results of industry. The drawbacks in the present economic system of China's industry are the important and instinctive reasons for the low economic results.

Li Gang said: The drive to improve the economy and deepen the reform has created a rare condition for the realization of switching industry to an efficient course. It is necessary to grasp this advantageous moment and proceed to create macroeconomic and microeconomic conditions for the promotion of economic results of enterprises.

To achieve this, the CPPCC Economic Committee, after investigation, suggested: We must truly solve the problem of ideology and understanding. We must take the promotion of the economic results as the priority task in economic development. We must evaluate merit based on the work actually done. We must raise the ability of macroeconomic control and adjust the industrial structure. To gradually establish a new administration system for state enterprises and to improve the reasonable transaction of production elements will help realize the results of economies of scale. We must resolutely raise the economic results while improving the development of science and technology. We must consolidate the market of production materials and gradually abolish the "double tier system" of prices. We must vitalize the large and medium enterprises and let them fully play their backbone role.

Attending the forum were vice chairmen of the National Committee of the CPPCC, including Fang Yi, Yang Jingren, Qu Wu, Ma Wenrui, Qian Weichang, Hu Sheng, Sun Xiaocun, Cheng Siyuan, and Qian Zhengying.

State Council Names 45 First-Rate Enterprises

OW1201204290 Beijing XINHUA in English 1158 GMT 90

[Text] Beijing, January 12 (XINHUA)—A total of 45 state-run enterprises have been named China's state first rate enterprises here today.

Chen Lantong, head of a enterprise management guiding committee under the State Council, China's highest governing body, at a news conference today, said the main products of the 45 enterprises have been up with their international counterparts in the late 1970s and early 1980s.

These enterprises hold leading positions among similar enterprises in the country in economic returns and in reducing material consumption. They have achieved notable results in business management and enterprise reform.

The 45 enterprises include the Capital Iron and Steel Complex in Beijing, Shanghai Chemical Works, Nanjing Radio Plant and Changzhou Tractor Plant. The 45 enterprises were selected from among 2,909 enterprises. These enterprises are involved in mechanics, electronics, chemicals, textiles and ten other sectors of industry.

China mainly checks the quality of the products, material consumption, economic returns and safety operations of the enterprises.

Among the enterprises' 352 major products examined, 110 have attained present international standards. The other 242 products have reached the levels of the late 1970s and the early 1980s.

The average rates of the profits and taxes of the 45 enterprises was 67.24 percent in 1988 and average profits and taxes per capita reached 21,289 yuan while the national averages for industrial enterprises in the same year were 20.5 percent and 3,130 yuan respectively.

Chen Lantong said the country ranks the enterprises to raise quality and improve management.

Chen said the enterprises will enjoy favorable terms in getting loans and other funds, in exporting business and in issuing wages and awards.

RENMIN RIBAO Views Industrial Development

*HK2301072190 Beijing RENMIN RIBAO in Chinese
14 Jan 90 p 5*

[Article by Lu Dong (0712 2639): "Strategic Changes Should Be Effected in China's Industrial Development"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, China's industry has started opening up, shifting from an exclusive production type to one of production and operations and from the production economy to the socialist planned commodity. These are profound historical changes, bringing unprecedented vigor and vitality to the industrial economy. Now, to achieve the second and third strategic objectives, the industrial development faces changes of more overall and fundamental significance. That is to say, it is necessary to change from extensive to intensive management and shift the stress from speed to efficiency, to the pioneering role of science and technology,

and to the conservation of resources. In building a socialist modern industry with Chinese characteristics, this very important issue has to be solved and the barrier removed. If this barrier is not removed, it will be difficult to achieve the strategic objectives of China's economic development.

The 5th Plenary Session of the 13th CPC Central Committee emphatically pointed out that it is necessary, through further economic rectification and in-depth reform, to unswervingly shift economic work to the path of taking better economic results as the main content and achieve long-term, sustained, stable, and harmonious economic development. This is a guiding idea we must solidly foster. In the 40 years since the founding of the PRC, through the hard struggle of the Chinese people, China has scored universally acknowledged tremendous successes in its industrial economy and succeeded in building an independent socialist industrial system which is relatively complete in range. On the whole, however, for various reasons, China's industrial development is still at the stage of extensive management, relying chiefly on constantly expanding scale and excessive consumption of resources to attain rapid growth in industrial production. It should be pointed out that, due to its extremely poor industrial foundation, at a certain stage in its historical development China placed speed and scale in an important position in an attempt to lay a foundation for its industrialization. This is in keeping with the requirements of socialist construction. The problem is that after attaining substantial development, if China's industry still embarks on this road it is bound to exceed the limits of national strength, resulting in serious disproportions among different branches of the national economy. Thus, the limited social resources cannot be most satisfactorily distributed and the human, financial, and material resources cannot be fully utilized, bringing about an unfavorable cycle characterized by more input, less output, and poor returns. If conscientious efforts are not made to change this industrial pattern, industry's economic results as a whole cannot be substantially improved.

Extensive management is bound to lead to unnecessary duplicate production, imports, and construction. This will lead to serious wasted investment and the trend toward similar industrial construction in various localities, making it impossible to attain the best results in the rational deployment of productive forces and distribution of labor among regional economies. Take household electrical appliances as an example. Experience gained in foreign countries shows that the smallest rational scale for the production of household electrical appliances, like televisions, refrigerators, and washing machines, is over 200,000 sets a year. But a considerable number of China's enterprises producing household electrical appliances can produce only several dozen thousand sets a year. Judging by the country as a whole, due to unplanned development the production capacity of over 30 percent of China's processing industry cannot be brought into play and over one-third of large and

medium projects which have been commissioned in recent years fail to reach half their designed capacity.

Extensive management is bound to cause a serious waste of resources and high-speed seeking through high consumption, making it impossible to attain the best results from the rational use of resources. Take energy as an example. In recent years, China has increased the installed capacity of its generators by 800,000-900,000 kwh, its capacity to exploit raw coal by 20-30 million tons, and its capacity to extract crude oil by a dozen million tons or so. This is also rare in the world. In spite of this, however, there have been sustained shortages of energy supply everywhere. It is more appropriate to say that excessive energy consumption is a vital problem in China's economic problem than to say that energy shortages are the restrictive factor in China's economic development. The energy utility rate is about 30 percent in China but it is over 50 percent in the United States and Japan and over 40 percent in the Soviet Union and West Germany. China's per-unit GNP energy consumption is 6.1 times that of Japan's, 2.3 times that of the United States, and 1.7 times that of the Soviet Union. Calculations show that, judging by the advanced international level, we consume 300 million tons more standard coal in order to reach the present GNP. This is equivalent to 30 percent of China's total energy production. If this backward situation is not speedily changed, and if we do not turn our industry into an energy-conserving one, the amount of energy needed to achieve the strategic objective of industrial development will be alarmingly greater. Not only will it be difficult to raise the money for exploitation but the question of transportation cannot be solved either. It is even more difficult to administer the ecological environment.

Extensive management is bound to slow the pace of scientific and technological progress. The result is that the products are characterized by low-grade technology, low-intensity processing, and low added labor value, thus forfeiting the best possible results of scientific and technological progress. The machine-building industry should have been a vanguard department for scientific and technological progress in the national economy but the problem of outdated equipment and backward technologies in China's machine-building industrial enterprises is still quite conspicuous. There are nearly 4 million lathes in China, ranking first in the world, but over 90 percent of them are ordinary lathes and high-grade, precision, and advanced lathes account for less than 10 percent. The technological composition of China's mechanical and electrical products being so low, it is very hard to turn out high-quality products. Over 60 percent of China's mechanical and electrical products are up to the world standard of the 1960's, which explains why China's industrial products are not competitive on the international market. Because we attach importance to expanded extension instead of paying attention to absorbing, developing, and renovating advanced technology, many enterprises still hold on to the outdated pattern of manufacturing the same products for a dozen and even several dozen years. If we fail

to turn our industry into one in which science and technology plays a pioneering role, and to give priority to scientific and technological development in industrial development, we shall never be able to shift from extensive to intensive management to greatly improve economic results.

Extensive management is bound to lead to an overheated economy, swelling demand, and an imbalanced structure, causing an imbalance in the development of various economic sectors and making it impossible to achieve the best possible economic results. After readjusting the economic development on several occasions, the readjusted proportionate relationships tend to become out of balance again, and the economic development is unstable. This is directly related to an over-eagerness to expand production scale and pursue growth rate, for which we have paid a high price. According to the 1987 data calculated in terms of comparable factors, China's steel output was 56.28 million tons, 55 percent more than West Germany; its generated electricity was 397.3 billion kwh, 18 percent more than West Germany; and its raw coal output was 928 million tons, 3.8 times more than West Germany. However, West Germany was respectively 2.4 and 6.46 times higher than China in terms of GNP and export volume in 1987. The current poor economic result in China's industrial economy is the crux of the numerous difficulties in our economic life.

The aforesaid conditions fully show that the situation of extensive management, relying on more input and high consumption to attain development, should no longer be allowed to continue. If we do not resolutely shift from extensive to intensive management and change the stress from speed to efficiency, to science and technology, and to conservation, it will be difficult for the national economy to develop in a sustained, stable, and harmonious way for a long time. This will affect our ability to bring into full play the superiority of China's socialist system.

In accordance with the guidelines decision by the 5th Plenary Session of the 13th CPC Central Committee, to effect the aforesaid strategic shift it is necessary to integrate the strengthening of macroregulation and control with the increase in microeconomic vitality and concentrate on solving the following issues: **1. It is necessary to uphold the predominant status of the economy under ownership by the whole people and bring into full play the backbone role of large and medium state enterprises.**

Large and medium state enterprises, which are principal suppliers of the state's financial revenue and society's effective supply, are the predominant force in the development of social productive forces and in economic and scientific progress. They should take the lead in focusing on efficiency, the pioneering role of science and technology, and energy conservation. We should take large enterprises as the backbone and set up more enterprise groups. This is a major readjustment not only in the

enterprise organizational structure but also in the asset balance structure, which is closely related to the industrial structure and product mix. In terms of structure, this is also a major readjustment in integrating scientific research with production and in developing the export-oriented economy and increasing our capability to earn foreign exchange through exports. So, with the production layout and enterprise scale tending to be rational, the backbone role of large and medium state enterprises can be brought into fuller play, thus effectively guaranteeing the predominant status of ownership by the whole people in the national economy and upholding the socialist direction in economic development. Naturally, while bringing into full play the backbone role of large and medium state enterprises, we should also vigorously guide the sound development of small enterprises, especially township and town enterprises. We should also strengthen management and guidance over the individual and private economies and encourage them to continue developing within the limits permitted by the state law. **2. It is necessary to adhere to reform and opening up so that the socialist industry can have exuberant vigor and vitality.**

Our reform is the self-perfection of the socialist economic system. The core of the reform is to gradually establish an economic operational mechanism combining a planned economy with market regulation. If we have this mechanism, overall we can ensure correct proportions among different branches of the national economy and within the industry, prevent duplicate construction and blind development, gradually change the tendency toward similar industrial structures in different localities, and achieve unity between macro and micro efficiencies in the distribution of resources and a benign cycle in industrial development. Opening to the outside world is our basic state policy. We must fully use all conditions in the world that can be utilized and energetically import capital, technology, management, and talented personnel. In importing capital however, we should take into account our repayment capability; absorb and renovate imported technology, and import the managerial expertise suited to our national conditions. Our imports should be aimed at increasing our ability to rely on ourselves. **3. It is necessary to persist in rationalizing the industrial structure, product mix, and enterprise organizational structure, and to improve efficiency by optimizing structure.**

Experience gained from several economic readjustments proves that it is impossible to fundamentally solve the question of optimum distribution of resources and the question of planned and proportionate development by merely grasping the readjustment of product mix without grasping the readjustment of industrial structure. It is also impossible to fundamentally solve the imbalanced structure by merely grasping the readjustment of investment structure without grasping readjustment of asset balance structure and enterprise organizational structure. Given the present serious shortage of construction capital in particular, taking readjustment of

enterprise organizational structure as a starting point to readjust the economic structure is of great significance in: Easing the contradiction between the basic industry and the processing industry; achieving the overall optimum of asset balance structure; raising the industrial organizational level according to the requirement of socialized mass production; reducing material consumption; and improving the economic results. In line with the requirements of the state industrial policy, it is necessary to resolutely close down, suspend, merge, or shift to other production, a number of enterprises which cause great waste through high consumption, low product quality, and bad economic results, so that this portion of production capacity can be shifted to industries urgently needed by the state and turned into superior enterprises. Thus the process of readjusting the production structure, product mix, and enterprise organizational structure will be accelerated. **4. It is necessary to persist in scientific and technological progress and firmly take the road of developing industry with the expansion of intensiveness as the main content.**

Whether or not industrial development can achieve a strategic shift from extensive to intensive management ultimately rests upon the course of scientific and technological progress. We should amply assess the enormous role of scientific and technological progress. Now, all localities, trades, or enterprises must rely on scientific and technological progress to readjust and organize their economic advantages. To achieve this change, measures should be adopted in numerous aspects. Our urgent tasks today are as follows: 1) To define an economic development strategy for achieving socialist modernization by chiefly relying on the existing enterprises' technological development, transformation, and introduction, so that the old enterprises and old bases can become the main pillars of our country in developing new and high technology. 2) To take production enterprises as the main body and solve the question of combining scientific research and production in terms of structure. 3) Regarding large and medium key enterprises faced with the heavy task of technological transformation, it is necessary to discover their real situations and work out new contract proposals, the time limits of which should coincide with the cycle of technological transformation. This is a major issue which must be solved in the next round of enterprise contract and on no account should we miss this opportunity. 4) To draw a proportion of the sales income as research development funds which should be used in combination with the major portion of the profit retained by enterprises after the contract, and the depreciation charge, in order to solve the problem of funds for the development of research and for technological transformation. 5) Enterprises should have their own research development institutions and the ratio of enterprise technicians engaged in technological development should be increased. In China's large and medium enterprises, the ratio of engineers and technicians engaged in technological development accounts for just over 20 percent of the total number of engineers and technicians, much lower than the 50 to 60 percent in

developed countries. This state of affairs should be speedily changed. **5. It is necessary to persistently strengthen enterprise management and constantly raise management level.**

To make a shift from extensive to intensive management in enterprise management we should rely on strict discipline, tightly organized groups, and advanced scientific means of management. It is necessary to adhere to and improve the contracted management responsibility and plant director responsibility systems, establish an operational mechanism integrating encouragement with restriction, and set up a unified, strong, and efficient system for the direction of production and for operations and management. Great efforts should be made to amplify all basic work, rules, regulations, and systems from management of fixed quota, quality, labor, cost, and capital to economic accounting. It is necessary to uphold the principle of distribution according to work and do a good job in linking work with efficiency so that the income of employees can be closely linked with enterprise operational costs. It is necessary to study and disseminate modern management methods and, by proceeding from reality, gradually establish an effective management system, structure, and method suited to the features of each enterprise to raise the overall efficiency of enterprise management. **6. It is necessary to persist in strengthening party leadership, wholeheartedly rely on the working class, and bring into full play the creative initiative of workers and staff members.**

Socialist undertakings are the undertakings of the masses of the people themselves. Wholehearted reliance on the working class is a fundamental guarantee for the sure success of our cause. To effect a shift from extensive to intensive management we should, in the final analysis, rely on the enthusiasm, initiative, and creativity of the workers, staff members, technical and managerial cadres, and enterprise leaders. Efforts should be made to strengthen the political and ideological leading role of party organizations in enterprises, build up a contingent of workers and staff members with "lofty ideals, moral integrity, education, and a sense of discipline," and cultivate an enterprise spirit with the features of each enterprise. Workers and staff members should be encouraged to consciously uphold the four cardinal principles, adhere to reform and opening up, and wage protracted struggle against bourgeois liberalization. They should be encouraged to carry forward the fine tradition of hard work and plain living and of building an enterprise through arduous effort and to preserve the true class qualities of the Chinese working class. They should be encouraged to assiduously study politics, culture, technology, and professions, master the skills for the modernization drive, and constantly raise their quality. We should be concerned about the weal and woe of the workers and staff members, respect their right to take part in democratic management, and ensure their status as the masters of enterprises. All this is aimed at bringing their historic initiative and revolutionary pioneering spirit into full play and making new contributions to the new development of China's industry.

CAAC To Buy 19 Jumbo Jets, Improve Service

HK1601003490 Beijing CHINA DAILY in English
16 Jan 90 p 1

[By staff reporter Gao Jin'an]

[Text] The Civil Aviation Administration of China (CAAC) plans to purchase 19 jumbo jets this year to further increase its carrying capacity.

The purchases include Boeing-747s, Boeing-757s, McDonnell Douglas-82s and Chinese-made Yun-7s, CAAC director Hu Yizhou said in Beijing yesterday.

China bought 29 planes last year, including a Boeing 747-400, a Boeing-767, two Boeing 757-200s, six MD-82s, three Airbus 300-600s and 11 Yun-7s.

Also last year, six old planes were scrapped, Hu said at yesterday's annual conference on civil aviation.

Airlines under CAAC have a fleet of more than 170 planes and fly on 350 routes, including about 50 international air routes.

Currently, all planes flying on long-distance and international air routes are imported from foreign aircraft manufacturers.

But for the future development of civil aviation, China "must develop its own trunk-line planes," said Zou Jiahua, State Councillor and newly-appointed minister of the State Planning Commission.

In co-operation with the Mc-Donnell-Douglas Aircraft Corporation of the United States, China can now produce MD-82 jetliners in Shanghai.

As an important part of the national transport industry, civil aviation shares a "bright future" under the policy of opening to the outside world, Zou said at the conference.

He said he hopes that aviation staff will put safety first and provide passengers and cargo-owners with a top quality service.

Last year, CAAC, the nation's flag carrier, opened three international routes and about 20 domestic routes. Several new international air routes are planned for this year, Hu said.

The total business income of the aviation industry reached over 5.7 billion yuan (about \$1.2 billion), about 95 percent of the planned target.

Hu listed the following work as the main projects this year: the construction of Jiangbei Airport in Chongqing and Xianyang Airport, the renovation of Shanghai, Nanjing, Nanning and Hangzhou airports and several radar installation projects.

Survey Shows Good, Poor Quality of Goods

OW2201141390 Beijing XINHUA in English
1303 GMT 22 Jan 90

[Text] Beijing, January 22 (XINHUA)—A survey on the quality of commodities in 30 cities has shown that goods produced by large and medium-sized state enterprises are of good quality, and 90 percent of the products sold in large state department stores are up to standard, the "ECONOMIC DAILY" reported today.

This information was revealed at a press conference given by the State Bureau of Technological Supervision which conducted the random sample survey in those cities in the fourth quarter of last year.

Of all the 798 groups of commodities in five varieties, including pure knitting wool, woolen fabrics and detergents, 71.8 percent were found up to standard.

The survey also showed that goods produced by some small enterprises are of poor quality.

Nine of the enterprises which turned out poor-quality goods were listed at the press conference.

It was told that the bureau and other technological supervision institutions at various levels will conduct similar sample surveys regularly in future to help improve commodity quality.

National Metallurgical Industry Conference Held

Future Plans

OW1301094390 Beijing XINHUA in English
0842 GMT 13 Jan 90

[Text] Beijing, January 13 (XINHUA)—China will try to raise the quality and rationalize the variety of its metallurgical products in the next few years.

Addressing a national working conference that began here today, Qi Yuanjing, minister of the Metallurgical Industry, disclosed that China plans to produce 60 million to 61 million tons of steel this year.

The minister said China should try to produce steel of higher quality than at present, when the country lacks hard currency and raw materials.

His ministry is now discussing with concerned departments the adjustment of tariff and customs rates on steel and iron imports to save foreign currency and protect domestic producers.

China is the fourth largest steel producer after the Soviet Union, Japan and the United States. It turned out 61.3 million tons last year.

Thirty-five percent of the rolled steel reached advanced international standards, six percent more than the previous year.

The minister urged enterprises to fulfil the production plan set by the state to cater for its energy, transport and raw materials industries, as well for national defence.

Qi said China plans to produce one million tons more of thin plate and 150,000 to 200,000 tons of seamless steel tube this year.

The country, he added, will strive to renovate 546 production lines of state and local enterprises in accordance with advanced international standards and put them into operation as soon as possible.

Continue Contracts

OW2201063690 Beijing XINHUA Domestic Service
in Chinese 1119 GMT 18 Jan 90

[By reporter Gu Honghong (7357 3163 3163)]

[Text] Beijing, 18 Jan (XINHUA)—According to the national metallurgical work conference being held in Beijing, it has been basically decided that enterprises operating on contract will operate on new contracts as soon as their old contracts expire.

It is reported that 103 of the 110 large and medium-sized enterprises under the Ministry of Metallurgical Industry are operating on contract, and that the contracts of 62 of them either have expired or will expire soon. Of the more than 1,000 local iron and steel enterprises, more than 90 percent are operating on contract and many of them on renewed contracts. It is imperative for the metallurgical industry now to ensure the continued success of those enterprises operating on renewed contracts.

The Ministry of Metallurgical Industry believes that the first round of contracts has greatly enhanced the strength of the metallurgical industry. Those enterprises operating on contract have begun to play a role in helping straighten out relations between the state and enterprises, promoting relevant internal reforms of themselves, ensuring the increase of state revenues, and building their own capacity for further development. Tax payments and profits delivered to the state by iron and steel enterprises operating on contract have increased at an annual rate of 15 percent despite difficulties in operation and higher production costs.

After summing up the experience in the contract system practiced among metallurgical enterprises, the Ministry of Metallurgical Industry decided that in the course of signing the new round of contracts, it will take a further step in handling well the interests of the state, enterprises, and workers and staff members. In principle, enterprises will be allowed to renew their contracts under the same terms as those of their old contracts, provided that the base figures and progressions in the old contracts are reasonable, the old contracts have been fulfilled well, and the enterprises have a heavy technological transformation task to perform in the future. Some enterprises that have greatly enhanced their production capability

during the seventh 5-year plan will be required to properly increase the quota of products to be delivered to the state for unified state distribution. The Ministry of Metallurgical Industry demands that in the course of signing new contracts, it is necessary to link wages with working efficiency in an even better way, and to ensure that the increase in labor productivity is greater than the increase in actual income of workers and staff members. At the same time, it is necessary to pay attention to preventing shortsighted behavior and to perfecting the employee appraisal system of enterprises.

He Guangyuan Views Machinery Production

HK1101033790 Beijing RENMIN RIBAO in Chinese
5 Jan 90 p 2

[Article by staff reporter Pi Shuyi (4122 2885 5030): "Opening a New Market in the Course of Readjustment—Minister He Guangyuan on the Situation Faced by the Machine-Building and Electronics Industry"]

[Text] It is interesting that when this reporter interviewed Comrade He Guangyuan on the afternoon of 26 December 1989, he was still vice minister of the Ministry of Machine Building and Electronics Industry, but that evening the television news bulletin announced that the Standing Committee of the National People's Congress had decided to appoint him as minister of the Ministry of Machine Building and Electronics Industry.

"What will the situation be like in the machine-building and electronics industry in 1990?" Comrade He Guangyuan gave a simple and straightforward answer: "Very tough."

The Ministry of Machine Building and Electronics Industry has endured severe pressure during previous national economic readjustments and this time is no exception. Comrade He Guangyuan said: Reducing the scale of capital construction, controlling consumer demand, and tightening up money supply and credit, will reduce demand for machines and electronic products in the market and cause funds shortages among machine-building and electronics enterprises. Since July 1989, the total industrial output, commodity sales income, profits, and taxes of the machine-building and electronics industries have decreased month by month. It is predicted that there will be a drastic cut in production quota for the machine-building and electronics industry in 1990.

Comrade He Guangyuan analyzed the current situation in the machine-building and electronics industries by saying that the results of the improvement and rectification program have been seen and the inherent problems have also been discovered. He said: The machine-building and electronics industry seems to operate on a very large scale with over 120,000 enterprises and more than 20 million staff and workers. In fact, it is just a weak giant. Many duplicate enterprises have been set up. For example, the State designated 207 enterprises to produce cables and wire all over the country but over 3,000 enterprises have been set up. A similar situation exists in

many other enterprises producing sought-after commodities. Many enterprises turn out poor-quality products, exercise bad management, and their product mix and quality have difficulty meeting the demand of the national economic readjustment and adapting to change. We should also see that difficulties and opportunities stand side by side. The improvement and rectification program has offered the machine-building and electronics industry an opportunity to readjust product mix and industrial structure and to improve the quality of enterprises. The machine-building and electronics industry should make great efforts to readjust itself so that it changes from a weak giant to a strong one and is more adaptable to change.

Comrade He Guangyuan said: The current urgent task for the machine-building and electronics industry is to cope with an insufficient production quota. To find a solution to this, it is not enough to merely put emphasis on the current market and original product mix. The only solution is to readjust the product mix and find new markets using what we have already.

As for the main strategic direction for readjustment of the product mix in the machine-building and electronics industry during 1990, or during the whole readjustment period, He Guangyuan summed up by saying: "One Earning; Three Savings; Two Guarantees," namely, earning and saving foreign exchange; saving energy; developing products which consume less materials; guaranteeing the completion of the task of equipping the country with key technologies; and guaranteeing effective supply of machines and electronic products that the people need daily. Comrade He Guangyuan said: Machines and electronic products have great export potential. We must implement the state's favorable policies and encourage exports of machines and electronic products. The state will set aside part of its credit funds to mainly support the technological transformation of export bases producing machines and electronic products. In 1990, we must speed up development of products to replace imported ones and save foreign exchange. We must inject more investment into the development of products which consume less energy and materials, and speed up research, production, and sales. We must resolutely discard old-fashioned products, stop supplying natural materials and aid to enterprises which continue to produce old-fashioned products, and ban their sales.

When readjusting the product mix, the machine-building and electronics industry should vigorously readjust the industrial structure. Comrade He Guangyuan stated: It is necessary to strengthen the production management of important and sought-after machines and electronic products, and the important auxiliary products suited to collective production, and change the situation whereby enterprises produce sought-after products by overlapping their production lines. The Ministry of Machine Building and Electronics Industry will designate enterprises to produce a dozen or so products, such as color TV tubes and video recorders, in strict compliance with

the state plan. We must make the best of the readjustment period and sum up experiences. We must strengthen and improve enterprises and groups by practicing contractual takeover of enterprises, or the joint stock system which can handle the responsibilities, rights, and interests of all parties, or by merging enterprises or transferring enterprise assets. Machine-building and electronics enterprises are mainly large- or medium-sized. We must give them priority when giving support and ensure this priority in their development. To improve the overall quality of enterprises is one of the main duties the machine-building and electronics industry has to fulfill in 1990. Comrade He Guangyuan said: With science and technology as guidance, and quality as the development trend, we must develop science, technology, and management to full capacity. We must perfect the management of enterprises as a whole. This must be effective so that the development of enterprises can be shifted from dependence on external conditions to exploring internal potential, from an increase in quantity to improvement of quality, and from seeking speedy economic returns to seeking quality.

Geological Workers To Help Solve Shortages

HK1201050890 Beijing CHINA DAILY in English
12 Jan 90 p 1

[By staff reporter Gu Chengwen]

[Text] A top geological and mining official has vowed to mobilize his 400,000 geological prospecting workers to help solve the country's most crucial shortages in grain, energy and key raw materials—from the geological angle.

As the first step, the Ministry of Geology and Mineral Resources is now working to provide vital geological data for the country's major agricultural areas to improve soil and planting practices, according to Vice-Minister Song Ruixiang.

To discover more fodder minerals and more potash and trace fertilizers will be another major geological challenge, he said in an interview with CHINA DAILY.

China imports \$150 million worth of potash fertilizer a year and sells it to farmers with a subsidy of 250 million yuan.

Though a record agricultural harvest was reaped last year, the per capita grain share had never hit the 1984 level.

So Song listed agriculture as the first service target for the geological and mining work.

The second target for the new year is to locate more energy resources.

Song revealed that there are good oil prospects in the Tarim Basin of Xinjiang Uygur Autonomous Region.

"It may become the second Daqing oil field," he said.

Daqing, China biggest oil producer, has been producing around 50 million tons of oil a year for many years.

The ministry will concentrate its prospecting strength in Tarim and the East China Sea for off-shore oil prospecting this year.

In terms of various ferrous and nonferrous metals, he said, the country will possibly run short of half of the varieties by the end of the century if no more major deposits are found.

China has already become one of the world's biggest importers of rolled steel products, chemical fertilizers and nonferrous metals.

According to Song, production at the existing oil fields is decreasing at an annual rate of 10 million tons and most of the gold mines will have run out in 10 years.

Article Considers Textile Industry Development

HK1101044790 Beijing JINGJI GUANLI in Chinese
No 12, 1989 pp 4-8

[Article by Wang Zengjing (3769 2582 2404), edited by responsible editor An Luming (1344 6424 2492): "Thoughts on the Expansion of Our Textile Industry, China's Number One Foreign Exchange Earner"]

[Text] For successive years, China's textile industry has experienced a sharp growth in its foreign exchange generation through export. The amount totalled US\$ 7.08 billion in 1986, and US\$ 10.3 billion in 1988. It is expected that this year's level will exceed that of last year, and it will account for more than one-quarter of China's gross export revenues for the fourth successive year. It has become China's number one foreign exchange earner through export, and plays an important role in the foreign exchange generation for China. Compared to the world's other major textile exporting countries and regions, China started late in exporting textiles in large quantity. It is not easy for us to make such an achievement in the highly competitive international market. This is a result of the joint efforts of textile departments, agricultural departments, and petrochemical and chemical departments with the support of the commerce and foreign trade departments under the correct leadership of the CPC Central Committee and the State Council.

Over the past two years, competition in the world's textile market has become very keen, while in China a shortage of raw materials, and its price for raw materials was at or around the same price level in the international market. Thus, this limits any further development of our textile industry. It has become an issue of general concern whether the textile industry can maintain its status of being China's number one foreign exchange earner, and whether it can continue to generate more foreign exchange for the state. I will attempt to study this issue in this article.

I Possibility of Further Developing the International Textile Market

China is a large textile producer in the world, as well as a major textile exporting country. In terms of export volume, however, its exports only account for about 6 percent of the world's gross textiles export volume. It is ranked fifth among the world's six major textile exporting countries and regions, after Italy, FRG, Hong Kong, and South Korea, but ahead of Taiwan. Can we further expand China's textile export share in the world's textile export trade? The answer is affirmative.

1. The world's gross textile trade volume increases year after year. Textiles are a major commodity in international trade. In 1988, the world's textile trade volume totalled US\$ 163 billion, or 7 percent of the world's commodity trade volume. Compared to other industries such as heavy industry, the textile industry is more closely related to people's livelihood, and is slightly affected by chronic economic changes. In the wake of economic development and population growth, in particular the improvement of people's living standards, the demand for textiles will continue to grow. It is anticipated that by the year 2000, the world's demand for textile fibre will reach 48 to 55 million tons per year, or an increase of 60 to 80 percent over the present demand level. In other words, in the coming 10 years and more, there will be a tendency of continuous and steady growth in the world's textile market.

2. In the wake of industrial restructuring, the industrially developed countries have shared part of the textiles market. Countries such as the United States, Britain, and Japan have changed from textile exporters to importers. From now on, they will continue to rely on importation. According to projections, by 1995, the United States will meet only 58 percent of its demand for textiles, and its net import volume will be 2.67 million tons. The EEC will meet only 78 percent of its demand, and other European countries will meet only 68 percent. This indicates that these countries will need to import a considerable amount of textiles, and that there is a great potential in terms of capacity of the entire international textiles market.

3. Proponents of free trade in the world will gradually gain the upper hand, so that import restrictions on textiles will be lifted. Judging from the world market as a whole, more and more countries support free trade in textiles, and the abolition of import quota restrictions on textiles. The Multi-Fibre Agreement will expire in 1991. Some people expect that the quota restrictions will be abolished by then. To China, this is undoubtedly good news for expanding its export of textiles.

4. China has certain advantages in the export of textiles. Its output of cotton, silk, hemp, cashmere, and angora is ranked first in the world. Its output of chemical fibre is also ranked fourth in the world. Thus, it has great potential for meeting its own demand for textile raw materials. China's textile industry is operating on a large scale and has a relatively sound foundation. Furthermore, it has competitive advantages as its technology level and management skill are good enough; its textiles

enjoy a good reputation in the international market; and China's labor force is relatively cheap. The data show that in the spring of 1987, the cost of labor in the world's major textile-producing countries and regions calculated in US dollars per hour was 12.98 in FRG, 11.99 in Japan, 1.77 in South Korea, 0.58 in Thailand, and 0.23 in China. At the same time, changes in the exchange rate from Renminbi to US dollars were also favorable to China's textile exports.

The general rule of development in the world's industrialized countries is that there are five stages in the development of foreign trade: namely, the export of agricultural and sideline products, the export of mineral products, the export of light industry and textile products, the export of mechanical and electrical products, and the export of high-technology products. Judging from the actual situation in China, in the coming 10 years and by the end of this century, it will be impossible for China to export in large quantities grain and such mineral products as raw coal and crude oil. Though the export of mechanical and electrical products may yield a high added value, we need to export in large quantity and to go through a development stage. Also, China still does not have the conditions for exporting high-technology products such as fibre optics, supercomputers, and high-class synthetic materials. Therefore, our only correct choice is that we must place the expansion of textile exports at the prime strategic position.

II Possibility of Increasing the Supply of Textile Raw Materials

The growth of raw materials supply for China's textile industry has been very great over the past 40 years since the founding of the state. However, as macroeconomic control weakened in recent years, the capacity of the textile processing industry developed so rapidly that the backward state in the development of textile raw materials worsened, and became a prominent contradiction restraining the development of the textile industry. Then, can we further develop the production of textile raw materials, and increase the supply in order to ensure the expansion of scale of foreign exchange generation through export? The answer is also affirmative.

1. There is great potential for our cotton production to be further promoted. After the 3d Plenary Session of the 11th CPC Central Committee, China's cotton production entered a period of rapid development. Between 1979 and 1984, the growing area of cotton increased from 67.68 million mu to 103.85 million mu. Its gross output increased from 44.15 million dan [unit of weight; 1 dan equals 50 kilograms] to 125.17 million dan. In 1984, the total amount of cotton consumed by China's textile industry was only about half of the cotton yield in that year, and the amount of funds spent by the state on maintaining the cotton stock was as high as 10 billion yuan. Under these circumstances, because of a drastic change in our policy of readjustment, cotton production plummeted for two successive years in 1985 and 1986. The gross output dropped from 120 million dan and more in 1984 to 70.8 million dan. Therefore, we could

not revise our policy of readjustment. Between 1987 and 1989, the cotton production was around 80 million dan, though it had bounced back. Facts have shown that it was mainly a matter of policy that affected China's cotton production. It was also a matter of policy to restore China's cotton production back to the level in 1984. For this reason, we must formulate and earnestly implement various state policies regarding the encouragement of cotton production, readjust the price of cotton in a planned and systematic manner, as well as study and work out a rational price parity between grain and cotton, so that the price of cotton will change in the wake of changes in the grain price, so that the peasants will not feel that to grow cotton is not a profit-making business, and so that their initiative will be mobilized.

There are 150 million mu of land in China suitable for cotton growing, of which some 80 million mu have been used in recent years. Hence, there is great potential that we can further expand the area of cultivation. If we can restore the cotton growing area back to 100 million mu and use scientific methods to increase the output per unit area, we may increase the gross output of cotton to more than 120 million dan in 3-4 years, and shall meet the domestic need for textiles and the need for export. Many comrades are worried that an expanded cotton field will affect grain production. The fact that China reaped a bumper harvest in grain and cotton in 1984 shows that whether a piece of land is used for grain growing or cotton growing is not the key issue. Furthermore, we may consider replacing grain with cotton on certain fields. Experts of relevant departments have estimated that if we increase the cotton growing area by 20 million mu, we may increase the output of cotton by 22 million dan and the output of grain (calculated on the basis of wheat production) will be cut by 5 million tons. Based on calculations at international price and after taking into consideration factors of price changes, the import of 22 million dan of cotton costs China US\$ 1.3 to 1.8 billion; whereas the import of 5 million tons wheat only costs China US\$ 750 to 100 million. Economically, it is feasible to replace grain production with cotton. The economic results will be more attractive after taking into account the benefits to be brought by the export of yarn and cloth after the processing of cotton. In Shandong and Hebei, some people want to invest in and reclaim several hundred mu of waste land, which is lying idle in these provinces, for cotton growing. However, they hesitate to take action because they are worried that they cannot find their source of cotton supply or that the amount of cotton to be shipped to these provinces is subject to quota control in these provinces. It is therefore suggested that the state should implement preferential treatment policies stipulating that in order to encourage people to invest in and reclaim waste land for cotton growing, anyone who raises funds to reclaim waste land for cotton growing in the next 5 to 10 years shall enjoy a tax reduction or exemption, and their share of cotton shall be exempted from the planned quota system.

2. To further develop China's wool production will bring us a better future. Forty percent of China's 9.6 million

square kilometers of territory is grassland, of which 4,300 million mu is suitable for grazing. At present, we have only used some 600 million mu for this purpose, and the rest is yet to be developed and utilized. At the same time, we can increase the number of sheep and the production of wool by raising sheep in areas designated for agricultural and animal husbandry development, and on southern mountain slopes. Only if we are determined, make major efforts to improve the quantity and quality of wool, and use domestic wool as the major source of raw material in China's textile industry, is there a high possibility that we can put an end to the situation where China's textile industry depends on overseas supply for its wool production.

3. We must speed up the comprehensive development and utilization of multi-fibre. This is one of our weak points. This is mainly because China's science lags behind, and so does the development of products. Under the circumstances that there is a shortage of raw materials, we should develop the blending of multi-fibre, which both meets the need of domestic markets and solves the shortage of raw materials. Silk has long been China's traditional export commodity, as well as the only major commodity with which China is able to monopolize the international market. At present, however, we mainly export silk in the form of raw materials and semi-finished goods, and those exported silk products are not the high-class ones. China is still a major producer of angora and cashmere, and its output of these products accounts for 40 and 60 percent of the world's total output. Moreover, China has a long history in the production of non-cotton fibre such as ramie. At present, its annual output of ramie is more than 8 million dan, being ranked first in the world. If we give full play to China's advantage of having such abundant natural resources, strengthen our scientific research work and the development of new products, develop intensive and fine processing, produce high-class export products, and generate more foreign exchange by increasing the added value, we shall certainly put an end to the situation in which we mainly export high quality raw materials.

III To Switch the Orientation of Textile Exports from Quantity to Economic Results

China has made remarkable achievements in the export of textiles. However, we put improper emphasis on the export of raw materials, semi-finished products, and processed goods. This is inevitable during the preliminary stage. In the wake of development of China's textile exports, and changes in the world's textiles market, China must also change its strategic principle regarding textile exports. In other words, we should give up the current practice in which we earn foreign exchange by consuming a large quantity of raw materials, and exporting primary and low-value products; and replace it with the new practice of producing a certain amount of high-quality products, so as to switch the orientation of China's textile exports from quantity to economic results.

Commencing in 1986 and up to now, the value of China's textile exports has increased annually by US\$ 1 billion and more to US\$ 2 billion, or by 10 to 30 percent. Such growth rate is very rare in the world. Besides, the composition of export products in recent years was further improved. Its tendency of development has been very gratifying as its gross export volume was reduced while the amount of foreign exchange generated increased, the proportion of primary products dropped, the proportion of intensively processed products increased, and the growth rate of intensively processed products was higher than that of processed primary products. However, we should also realize that there are problems and shortcomings in China's textile exports. Compared to the world's several major textile exporting countries and regions, the selling price of China's textiles is generally lower than the industrially developed countries, as well as those of certain newly developed industrial countries and regions. Take the case of 1988 as an example. China's textile exports generated US\$ 4,750 on average with each ton of fibre; whereas the amount was generally more than US\$ 7,000 in the newly developed industrial countries and regions such as South Korea, and it was generally more than US\$ 10,000 in industrially developed Western countries. Such a wide gap is, of course, related to the production technology and management skill of China's textile industry. But it is also related to the composition of raw materials and that of products of China's textile exports, the quality of products, the products' incomplete specifications, and poor sales service. In order to enhance China's capability to generate foreign exchange through textile exports, we must begin the work by first solving these problems.

1. While maintaining the export level of primary products, we should intensify the development of product processing and improve the composition of export products. A major reason that countries such as FRG, Italy, and South Korea can sell their textile exports at a higher price is that the composition of their textile raw materials and textiles exported is more rational than ours. They mainly take final products such as garments as their exports, and the proportion of chemical fibre and blend textiles is greater than ours. Most of China's exports are pure cotton, pure ramie and silk products; whereas the proportion of chemical fibre products and blend textiles is small. Compared to Taiwan's composition of raw materials in its export of textiles, the export of cotton by China accounts for 60 percent, the export of chemical fibre accounts for 10 percent, and the export of other fibre accounts for 30 percent. The situation in Taiwan is the opposite, in which its export of pure cotton accounts for 12 percent, that of chemical fibre accounts for 75 percent, and other fibre accounts for 13 percent. The proportion of garments exported by mainland China to its gross export of textiles is only 28.3 percent; whereas the proportion is 59.5 percent in Taiwan.

There are historical reasons contributing to the situation. For a long period of time, China's textile industry was separated from the garments industry. Such a situation was ended only two to three years ago. From 1986, the

garment industry in all localities gradually re-arranged the textile departments, and gave play to the advantages of the textile industry by directly linking garments production to cloth production. We must put an end to the situation where there is a vertical division of labor in the production of textiles. We must make great efforts to develop a horizontal division of labor, and stop manufacturers from using the practice of selling primary products at a higher price, and that of restricting the production of intensively processed products. We should make major efforts to produce final products such as garments and cloth for decoration and industrial purposes, to enlarge the extent of technology and techniques being used in textile production, and to make more famous brands, so as to improve our capability of foreign exchange generation.

While producing intensively processed and fine products and generating more foreign exchange through export, we must maintain the export level of processed primary products. In order to maintain our market share, we should actively continue to export the primary products so long as there are sources of raw materials, production capability, and market demand. But just as we have mentioned, there are problems concerning the grading, quality, and foreign exchange generation capability of primary products.

2. We should make major efforts to improve the grade, quality, variety, and pattern of products. It is well-known that China's textiles are poor in quality. Because of technological and supervisory reasons, there is still a long way to go for China's textiles to meet international standards, and such products cannot meet the requirements of the international market. For example, its cotton is plagued by impurities; its grey cloth has poor stripes; and its dyed cloth has poor weft and shrinks. Besides, there is still a long-standing problem in which products have very few styles and specifications and are overstocked. China compares unfavorably with South Korea, Taiwan, Hong Kong, and Singapore in terms of development of new products, new patterns and decoration. In light of these problems and in order to improve our competitiveness in the international market, we must take the international market as the direction of development, readjust the composition of export textiles, upgrade the products, develop new styles and patterns which are marketable in the international market, and even adopt such measures as production through processing with supplied samples and production for other producers under their famous brands.

3. We should strive to improve the service quality of the textile trade, and strive to deliver more styles in a small quantity within a short time in accordance with the requirements of the international market. Textiles are a seasonal commodity in respect of which the popularity cycle is getting shorter, the nature of personal consumption becomes stronger, and the sense of uniqueness becomes more prominent. Because of a variety of reasons such as the system, China's export textiles production enterprises do not keep abreast with the development of the international market, or timely satisfy the

needs of international consumers for textiles. At the same time, they are unable to deliver to their consumers more styles in a small quantity within a short time because every section in the procedure from production to export trade is isolated. The situation has been so bad that some foreigners filed claims against them, terminated the deals, or turned to other markets in other countries, so that we have lost such trade opportunities. Thus, we must promptly put an end to this situation.

IV To Propose a Countermeasure of Expanding the Export of Textiles

The Ministry of Textiles proposed in its long-term plans for the "Eighth 5-Year Plan" and the "Ninth 5-Year Plan" that by 1995, the amount of foreign exchange to be generated through export of textiles should reach U.S.\$ 15 billion, and the average amount of foreign exchange to be generated from each ton of fibre should be U.S.\$ 7,000. It also proposed that by the year 2000, the amount of foreign exchange to be generated through export should reach US\$ 20 billion. Judging from the actual basis of China's textile industry, we can achieve or go beyond such a goal if we work hard in this respect; provided that the state takes economic and administrative measures to support the export of textiles.

1. It is proposed that the state should include cotton production and the production of raw materials for chemical fibre in its industrial policy, and adopt relevant preferential treatment for the development of basic raw materials production. During the "Eighth 5-Year Plan", we should strive to restore the cotton growing area back to 100 million mu, and its gross output back to 120 million dan. At the same time, we should start constructing several large-scale chemical fibre factories. We should include these factories in the "Eighth 5-Year Plan" projects and make arrangements for their funding, so as to boost China's chemical fibre output to 2.5 million tons and its production capacity to 3 million tons.

2. We should select some key enterprises which generate more than U.S.\$ 5 million through export to set up export bases, give them preferential treatment in terms of technological transformation and progress, and give them support. The world's contemporary textile industry is upgrading its technology, and is speeding up its progress of modernization. The textile industries in developed countries have completed their transformation, or are in the process of transformation, from labor-intensive to capital-intensive and technology-intensive. The textile industries in some newly developed industrial countries and regions have also experienced a rapid development. Thus, competition in the international textiles market will be more keen. The equipment of China's textile industry is backward, and there is a wide gap between China's technological level and that of developed countries. If we do not make any remarkable progress in science and technology within a short time, it will be very difficult for us to stand the keen competition in the international textiles market.

The organization of China's textile industry is less flexible. Its amount of fixed assets occupied by each person is lower than the figure in other trades, only 10,000 yuan on average across China; whereas it is quite efficient in terms of utilization of funds and foreign exchange generation. Therefore, it is reasonable that the state should spend more money in this respect.

3. The state should adopt preferential policies to encourage practices of improving the composition of raw materials and products. On the pricing of textiles, we must stop using the method of determining the price on the basis of raw materials consumed by a certain product. Instead, we should determine the price of such a product in terms of processing and product quality. On taxation, we should reduce and exempt customs duties and the value added tax on final products such as export garments and cloth for decoration and industry purposes. On foreign exchange retained by enterprises, we should allow enterprises to retain part of the net foreign exchange generated by them through export of products made from imported materials. In other words, they may retain part of the profits after repaying the capital, so that enterprises may increase the export of final products and make foreign exchange profits through imports and by developing intensive and fine processing, new products and blend textiles.

4. We should further perfect and popularize the system of export textiles agency, and allow joint ventures run by industry and trade, as well as enterprises, to export products on their own accord. China has made remarkable progress in reforming its system of export textiles. Shanghai has fully implemented the system of export textiles agency in its textile industry. Tianjin has set up joint ventures run by its garment industry and traders, so that several textiles ventures which handle their own export business have been growing. These preferential policies adopted by Beijing, Tianjin and Shanghai municipalities have encouraged these enterprises to arrange their own export. This has preliminarily solved the problem in which China's export and production enterprises do not keep abreast with changes in the international market. Some major enterprises therefore have direct contacts with the international market, and we have found a new way for reforming the system of export textiles. All these reform measures need to be further reviewed and perfected. At the same time, it is suggested that the state should adopt corresponding policies to give export agents, such industry-trade joint ventures, as well as enterprises which can handle their own export business, a status equal to that of foreign trade companies in terms of capital, foreign exchange revolving fund, export quota, distribution of licenses and the use of trademarks.

RENMIN RIBAO Article Views Energy Industry

HK1001073890 Beijing RENMIN RIBAO in Chinese
24 Dec 89 p 5

[Article by Huang Yicheng (7806 3015 6134): "Earnestly Strengthen the Energy Industry in the Course of Economic Improvement and Rectification]

[Text] The growth rate of the national economy especially of industries and agriculture, must be in reasonable proportion to the growth rate of the primary sources of energy, and this is a basic requirement to keep a rough balance between energy supply and demand.

The advantage of China's relatively abundant coal resources should be used to the maximum benefit. Increase investment and accelerate the development of coalmines. Plan thermoelectric constructions to minimize coal consumption and transportation and speed up the development of hydroelectric construction. The oil and gas industry should implement "exploring deposits while increasing production," with exploring of deposits being the urgent task today. Building nuclear plants is an important step toward solving the energy problem in eastern China.

Implement improvement and rectification successfully. Over 90 percent of efforts should be concentrated on tapping latent potentials within the energy industry.

The 5th Plenary Session of the 13th Central Committee resolved to spend 3 years or so, inclusive of 1989, to basically attain the objectives of improving and rectifying the national economy. The energy industry, being an important and fundamental national undertaking, is worth our while exploring, as to how it should be steadily developed and realistically improved, during the period of improvement, rectification and deepening reform, to help bringing the national economy onto a track of lasting stability and coordinated growth. Herewith are my personal views for open discussion.

1. The Development Speed of the Energy Industry Must Match the Speed of Economic Development.

Energy supply has been tight throughout China since the middle of 1988. Is this phenomenon due to the decrease in energy production? No. The truth is that energy production has been in a very good position both in 1988 and 1989, especially the coal and electrical power industries, which did not fall in production, but increased very fast. Nationally, 980 million tons of coal was produced in 1988, or 5.6 percent more over 1987 (growth rates in 1986 and 1987 being both roughly 3 percent). Electric power was generated to reach 545 billion KWH, or 9.6 percent more than 1987, which kept up the 10 percent high growth rate in the first 2 years of the Seventh 5-Year Plan. In 1989, energy production continued to grow. Coal reached 920 million tons by the end of November, namely, 70 million tons more than the same period in 1988, or a 10.1 percent annual increase. Electric generation stayed at the same level in spring 1988, however thereafter it increased season by season to reach 525.7 billion KWH cumulatively by the end of November, or a 6.9 percent annual increase. It is now expected that coal will break through 1,000 million tons and electricity over 570 billion KWH in 1989. Both industries will fulfil the 1989 national production plans ahead of time, and 1 year ahead of the 5-year plan. Petroleum and natural gas production will also fulfil the 1989 annual plan.

The achievements of the 1988 and 1989 energy production have been attributed: First, to the comrade leaders of the CPC Central Committee and of the State Council, who attached considerable importance and supported the energy industry, and of the central departments and local governments, who cooperated and coordinated activities with energy production. Second, to the cadres and workers, who showed the working class' sense of being the masters of the country, cared about the country's difficulties, and made contributions to increasing the energy production, especially during the time of turmoil and counter-revolutionary rebellion in Beijing and other areas. They stood fast at their posts, performed duties properly, displayed a high level of political consciousness, and assured routine productive activities were carried out as usual. And third, to the reorganization of the state systems, that allowed the enterprises to act on their own, to bring initiatives into play, and to promote production.

As of the last 2 years the energy industry has been in a very good position, so why has the supply been so tight? The real reason is the lack of macroscopic control and ill-proportioned growth among industries. Many years' experience at home and abroad proved that the growth rate of the national economy, particularly of industries and agriculture, must be in reasonable proportion to the growth rate of primary sources of energy, (this proportional ratio is generally known as an Elastic Coefficient), and this is a basic requirement to keep a rough balance between energy supply and demand. Most of the experts consider that at the time of a fast growing economy, the elastic coefficient for primary energy resources should be above 0.5, and that of electricity should be kept over 1.0. In the first 3 years of the seventh 5-Year Plan, China's coefficients were 0.26 and 0.67 respectively, way below the experts' target, therefore energy supply was definitely tight. To ease the supply and demand tension now and forever, it is essential to take the current opportunity of improving and rectifying the economy, to adjust the energy development speed with reference to the development of other industries. By the year 2000, coal was planned to produce 1,400 million tons, corresponding to an annual growth rate of 3.5 percent or so. The overall growth rate for industries and agriculture can only be planned at 7 percent, and that of electricity should be at 7 percent or more. In the future, energy growth should be planned or adjusted upward or downward, in proportion to the growth of the national economy with reference to the above figures. This means that in the case of energy growth failing to attain a planned index of a year, then the plan has to be revised for the following year accordingly. Otherwise, a minor occurrence out of step might later develop into a considerable disconcerted state in supply and demand, that will consequently force a major economic replanning, and eventually result in the country suffering a big loss. My personal view is that we have to think in terms of planning and coordinated economic growth, instead of simply adopting an unscientific "slanted development policy."

(2) Based on China's Conditions, Adopt Correct Policies and Strategies for Energy Development.

China has two really abundant sources of energy: Coal, with a proven deposit of 860 billion tons, and hydropower, feasible for conversion to 380,000,000 w electricity. However, the energy resources are not uniform in geographical location. The industrially developed region of eastern China has relatively scarce energy resources, low per capita energy availability, and a serious shortage of development funds. Also, the efficiency of energy utilization is unsatisfactory due to backward technology and poor management. These are the fundamental conditions of the Chinese energy industry, and the advantages and disadvantages in the energy resources of China.

Since its establishment, the Ministry of Energy, being aware of the above basic conditions, investigated and came up with a set of near-term and medium-term guiding principles, development strategies, policies and measures for the energy industry to look forward toward the end of the century, for which a second strategic goal of energy development is planned. These documents have incorporated the following basic philosophy:

- Take good advantage of China's abundant coal resources, inject capital, speed up the development of the industry. To tackle the uneven distribution problem, (a) give priority to coal development in Shanxi, Shaanxi, and western Nei Monggol regions, especially the Shenfu Dongsheng Coalfield of over 200 billion tons deposit, and to construct a key thoroughfare to transport coal from these regions; (b) accelerate the development of lignite production in the four eastern Meng, and of coal mines in eastern Heilongjiang and Liaoning, and guarantee coal shipment to east China and South China without increasing coal shipping within north China; (c) strengthen the developments in Shandong, Anhui, Henan Yongcheng and other eastern regions and provinces, and in Yunnan and Guizhou in the southwest, and discontinue whenever possible, shipping of west coal eastward and north coal southward; (d) give preference to developing large opencut coal mines and the renovation and expansion of existing mines mechanically and technologically to compensate for the loss in production due to aging of the mines, and to improve productivity and safety protection; and (e) reorganize and rebuild local mines, of which the current coal production amounts to half of the national production, and strengthen management, rectify and improve them to make them healthier. The ministry discourages coal mining by individuals.
- Thermopower needs to be planned in conjunction with coal consumption and transportation capacity. From now on new thermal stations must be equipped with generating sets of high efficiency and large parameters, or of superconducting materials. Eliminate medium-pressure and low-pressure generating sets and overage sets by scheduled stages to save coal. Actively develop thermoelectric stations near coal

pits, jointly manage electric generation with coal production, and convert shipping of coal into transmission of electricity. In the mean time, accelerate hydropower growth to relieve the pressure on coal development and railway construction. With respect to geographical consideration, big hydrostations are to be built on Huanghe upper reaches, Changjiang mainstream and tributaries, Hongshuihe, and Lancangjiang. Medium-size hydrostations should also be constructed at rush speed, in locations where energy is in shortage and resources are largely available.

- Petroleum and the natural gas industry should implement "exploring deposit while improving production," with exploitation being the current urgent need. Stabilize the outputs of old wells in eastern oilfields. Intensely develop and explore western oilfields. Continue to cooperate with foreign constructors in exploring and developing off-shore oilfields, also intensify management and exploration by China's own accord.
- Nuclear stations are an important means used to solve the energy shortage problem in China, particularly in the eastern coastal areas. The aim toward the end of this century is to learn and master the skill and technology to make nuclear generating equipment, and to manufacture domestically and in large quantity, nuclear equipment sets of 600w capacity thus to lay a foundation for quicker growth of nuclear electric stations at the turn of next century.

In order to put the above strategies into practice, and to attain the development goal by 2000, it would be vital to inject more money into the energy industry. Comrade Deng Xiaoping emphatically pointed out in his recent remarks: China needs to invest more in the energy industry and other basic industries. "We must persist for 10 to 20 years even though this might mean running into debts." Therefore, the country should on the one hand redirect investments in accordance with her policy of industrial production and development, to increase capital as much as possible for the energy industry. On the other hand, the country should continue to implement the policy of collecting energy funds from everybody, to set up coal mine construction funds, and to improve managing the funds for electricity and petroleum construction; encourage the various energy sectors to take in foreign investments; adjust energy prices by stages to change the present situation of operating in the red; revitalize the energy industry.

(3) Successfully Implement Improvement and Rectification, and Concentrate 90 Percent of Efforts on Tapping the Latent Potentials

It is known that during the current improving and rectifying period, the energy industry is among the basic industries to be strengthened and its development is to be accelerated, hence it is necessary to increase investment. Coal mines, electric stations and oil wells cannot be built without money. In view of the country being relatively poor and financial resources limited, it would be unrealistic to look to the country for a big funding.

Energy administrators must find their foothold in "looking into the industry, tapping latent potentials", to make better use of existing funds, equipment, manpower, and materials, to make efforts to improve productivity and economic results; and to tap latent energy from all enterprises in all branches of the industry. Administrators must concentrate 90 percent of time and effort on tackling these problems, and to direct staff and workers to look for latency, enhance results, and improve efficiency.

Like other industries, the energy industry has laid a fairly good foundation through the past 40 years of construction and development, and an enormous amount of unused capacity hides in all respects and in all departments. As science and technology progresses, man's view toward the industry changes, his understanding deepens, thus he can find new sources of latent power. It needs only a check to discover the squandering in various degrees, in respect to planning, allocation, design, construction, equipment operation, production, management, and utilization of funds and of manpower. Some of the squandering cases are quite shocking. It is not necessary to compare Chinese enterprises with their foreign counterparts. Just by comparing good Chinese enterprises with bad ones, the differences in productivity, material consumption, and time of construction, have been alarming. The differences in these respects show where the squandering and latency could be. There are too many examples to be mentioned:

Coal industry: In 1988 the national overall efficiency was 1.092 metric ton of coal per man-day on average. Shanxi Jincheng Coalmine Administrative Bureau reached 4.72 ton, which is the highest in the country. However, 30 percent of other bureaus yielded under a ton. A combined mining team of public-owned mines produces 520,000 tons of coal in a year on the average, but the actual productivity ranges from a maximum of 1,800,000 tons to a minimum of 200,000 tons, the latter not even reaching the productivity of high quality coal. The new and renovated mines and pits, that started production after the Sixth 5-Year Plan, are operating 50 million tons a year short of their designed capacity.

Electricity Generation: A thermal power plant of gigawatt capacity generally requires 2,000 to 3,000 men to operate in China, whereas the Huaneng Dalian plant of 0.7 gigawatt capacity, equipped with more advanced technology, needs only 500 men. A Chinese-made 200 MW generating set consumes 394 grams of standard coal on average, the minimum coal consumption being 364 grams of standard coal. The existing thermal plants showed millions of KW short of rating capacity due to defective equipment, and bad management.

Energy planning and design have shown illogical economic considerations. An example is that in locations under national grid coverage, a large number of small thermal plants of the steam-condensing type have been built, costing investment, consuming a considerable

amount of coal, and polluting the neighborhood environment. Many other examples may be cited regarding designs adopting high foreign technology unsuitable for Chinese conditions and financial capability.

Capital constructions has been planned for long construction times, and high per unit cost in many instances. An electric plant in Beijing planned to install a 600 MW generator and budgeted for roughly 540 million yuan. The actual expenditure however doubled the budgeted figure. The reason was said to be rising cost of materials, but the uncited reason was obviously squander and waste. On the contrary, some non-essential projects have been carried out thriftily and quickly. Examples are the following: The Ningxia Lingwu Coal Mine was able to build two small pits first, to be linked up afterward to form a mine, and to produce coal during its construction time. Shenmu Daliuta Coal Mine of 3 million ton capacity, completed construction in 3 years, costing less than 100 yuan per ton capacity investment, and is expected to produce 1.2 million tons of coal in 1990. Construction time for a 200 or 300 MW thermal plant extension generally required 36 months, against the minimum of 24 months, from the beginning of construction to supplying electricity. The Xinanjiang Hydro, built in the early 60's for a capacity of 600 MW, spent 3 years to put the first generating set into production, now the same kind of work requires 6 to 8 years. The time for construction of a megaton class coal mine varies from 40 months to 8, 9, or even 10 years.

It is not difficult to see how big the latent potential can be. Since its establishment, the Ministry of Energy has been paying attention to tapping the potentials. Last year the Ministry of Energy called for shortening the building time of energy projects, to make a breakthrough for better utilization of capital funds. A meeting was called on site at Zhou County of Shandong Province, and adopted a set of policies and measures. These documents emphasized on making good preparations for the constructions, which should not start without completing the preparation work, and which, once started, will be ensured against insufficient funding, materials and delays, delivery of equipment; and will have strong and capable workers and staff joining in for uninterrupted actions. In 1989, the ministry started to check into old thermal plants for quality of equipment, and advocated the activity of "work safely and gently; create new records; and attain goals," to achieve safety, a full-load and stable electric generation. The key work has been improving and rectifying backbone enterprises. Network bureaus and provincial bureaus checked into 21 plants, and the ministry checked into 7 major plants. Foremen direct their teams on the spot, and their quality affects production safety and productivity. In the Xiaonan Coal Mine of Tiefsa Mining Bureau, the ministry experimented how to improve the foremen's command of work on site. A joint management of Coal Mine and power plant was also carried out at Imin. How to exercise the quality control in planning and design was also tested. All these demonstrated that a big difference might result

if leaders pay enough attention to some of the points above. In regard to shortening the construction time, the ministry have setup model coal mines and power plants. The Santaizi No 1 Pit of Tiefa Mining Bureau needed 40 months to reach its production stage. Shandong Zhou County Thermal Plant needed 26 months for a 300MW generating set to complete its construction and put it into service. Hubei Hanchuan power Station's No 1 Generator needed basically 24 months to join in network service. The improvement and rectification of thermal power stations also produced results. Jianbi Plant of Jiangsu Province, being the biggest thermal plant in the country, with 1,625 MW capacity, operated only with 600 to 700 mw in the past. And Shentou Plant of Shanxi Province, with 8 generators of a total 1,300 mw capacity, sometimes had 6 generators out of service. After being helped, the same two plants have now rectified the situation without changing staff and equipment. The Jianbi is working at 1,200 mw capacity, and Shentou 1,000 mw.

The above practical experience has proved that the Ministry of Energy successfully tapped latent potentials to improve output and efficiency. This is not only necessary but also feasible. The 5th plenary session has pointed out that economy must be brought on track of high economic results, namely, to the effect of improved management, advanced technology, high efficiency and benefits, and strict accounting systems. The industry will grow with little investment, high yield, and promising benefits. As long as we put the spirit of the 5th CPC Session to work, successfully implement improving, rectifying and deepening reform, in a down-to-earth manner supervise and utilize all men, money, and materials, bring the mass into play, go a step forward to improve productivity and economic results, and tap all latent potentials and make good use of them, the energy industry will certainly be strengthened, and move on to a lasting and stable road of development.

Report Considers Nuclear Development in 1990's

HK1701032390 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 10 Jan 90 p 2

[Report by staff reporter Liu Guochang (0491 0948 2490): "Prospects of Nuclear Power in the 1990's—An Interview with Zheng Yuhui, Responsible Person of China's Institute for Economic Research on Nuclear Industry"]

[Text] History has stridden into the 1990's. What will the prospects for nuclear energy be for China and the world in the last 10 years of the 20th century? For the answer to this question, this reporter paid a special visit to responsible member of China's Institute for Economic Research on Nuclear Industry Comrade Zheng Yuhui.

Comrade Zheng Yuhui, 47, is an expert in post-treatment of nuclear fuel. He is a past head of Education Department of the Nuclear Industrial Ministry.

Question: What are the prospects for nuclear energy for the world in the 1990's?

Answer: Two books were published in the United States in 1980. One is "Strategy on Nuclear Resources: Looking forward to the Future of Solar Energy," the other is "The Third Tide." Both books believe nuclear energy is heading for its extinction. The viewpoint had an impact on China. In fact, the world's installed capacity of nuclear energy totaled 310 million kilowatt in 1988, 2.65 times that of 1978, and 2.1 times that of 1980.

In the 1990's, the price of oil as the principal energy resources will go up gradually; of course fluctuations will be inevitable in the process. As fossil fuel is to cause acid rain and hothouse effect [wen shi xiao ying 3306 1358 2400 2019], the demand for nuclear energy will increase. Currently, nuclear energy is the most practical commercialized energy to replace fossil fuel. It is a safe, clean, and economical energy. Therefore, in the 1990's, the number of nuclear power stations will increase rather rapidly across the world. Reflecting the few orders for nuclear power stations that were placed in the past few years, there will be little change in the number of nuclear power stations in early 1990's, but a great number of nuclear power stations will be built toward the end of the 1990's.

At present, two thirds of the installed capacity of the nuclear power stations across the world depend on pressure reactors [ya shui dui 1090 3055 1018]. In the 1990's, the pressure reactor will continue to play a dominant role. But as the pressure reactor can only exploit 1 percent of the energy in uranium as compared with the rapid reactor [kuai dui 1816 1018] which can make use of 90 percent of the same and make low grade uranium worth mining, the rapid reactor will be widely used for generating electricity in the later stage. In France, the 1.2 million kilowatt Ultra-Phoenix [chai feng huang 6389 7685 0420] rapid reactor nuclear power station has smoothly been in operation. France, England, and West Germany are jointly working on a 1.5 million kilowatt European rapid reactor. In the Soviet Union, the 600,000 kilowatt rapid reactor nuclear power station has been in smooth operation for 9 years, and a number of 800,000 kilowatt rapid reactor nuclear power stations are under construction. At the same time, they are developing a 1.6 million kilowatt rapid reactor nuclear power station. The United States is in the lead in terms of rapid reactor technology. The metal fuel integrated [jin shu ran liao yi ti hua 6855 1466 3595 2436 0001 7555 0553] rapid reactor it developed reduces the multiplication time [bei zeng shi jian 0223 1073 2514 7035] of nuclear fuel by 6 to 7 years. The improvement of rapid reactor technology will make preparations for rapid development of nuclear energy in the next century.

Question: What are the prospects for nuclear energy in China for the 1990's?

Answer: In the 1980's, China decided to incorporate press reactors in the Zhejiang Qinshan Nuclear Power

Station and Guangdong Daya Bay Nuclear Power Station. These two power stations are due to be accomplished in early 1990's. Therefore, the 1990's will be the years during which nuclear power stations will emerge in China and will be developed. After the first three pressure reactors totaling 2.1 million kilowatt are accomplished, China will build an additional 600,000 kilowatt nuclear power stations incorporating pressure reactors. We shall establish China's standard through, use China-made components and materials in, and have an array of nuclear power stations after building a number of 600,000 kilowatt reactors. After accomplishing the 300,000 kilowatt Qinshan Nuclear Power Station, China will be able to build and export a few pressure reactors after improving the design. At the same time, to meet the much-needed demand for electricity in the coastal regions, we are likely to import a few major press reactor nuclear power stations on the basis of mutual benefits.

In the 1990's China will still make use of nuclear energy by mainly building pressure reactor nuclear power stations. At the same time we must step up research on rapid reactors to make preparations for rapid development of nuclear energy in China in the next century.

Question: How do things stand with China's effort to make use of nuclear energy during the economic improvement and rectification?

Answer: Shortage of funds will cause some difficulties for the development of nuclear energy, putting off some projects. At present, the government is vigorously strengthening raw and semi-finished, transport, energy, and other basic industries by readjusting industrial structure and investment structure so that the national economy will develop in a sustained, stable, and coordinated way. Therefore, from a long-term point of view, the economic improvement and rectification will have a positive and useful influence on the development of nuclear energy in China.

Question: What is the principal job of your institute?

Answer: Our institute was evolved from the former Nuclear Industrial Ministry Development and Research Center in a move to better carry out the policy for developing nuclear industry: "giving priority to nuclear energy, engaging diverse operations, integrating the resources of the army with those of the people, and invigorating the economy." Our principal job is to do research on strategy for developing nuclear industry, the way to deal with a certain situation, policies, administration; to make strategic decisions; to give forecasts; to work out plans; and so on. Since 1988, we have conducted research on future demand for nuclear energy; the status of nuclear energy in energy resources; the long-term plan for nuclear electricity; self-reliance in building nuclear power stations; the way to raise funds for building nuclear power stations; economic analysis of nuclear electricity; advanced reactors; and other issues concerning the development of nuclear energy. From

now on, we shall further strengthen internal and international academic exchange and cooperation, making contributions to the development of China's nuclear energy.

Commentary Stresses Grain Production

HK2401065790 Beijing NONGMIN RIBAO in Chinese
10 Jan 90 p 1

[Commentator's Article: "It Is Especially Necessary To Stress Doing Solid Work"]

[Text] Today, this newspaper published a report about Gansu Province's experience in ensuring a steady increase in grain production for 7 consecutive years. Gansu's experience is of certain universal significance.

Grain production failed to reach the planned target for 5 years running throughout the country, making the situation in grain production more and more serious. During the period of readjustment and rectification it is unrealistic to hope that any substantial changes will be made in grain prices or in the amount of funds allocated for agriculture. The population will increase steadily and it is hard to effectively check the decrease of cultivated land. Therefore, we must be fully aware of the seriousness of the grain problem. At the same time, we should also notice that great potential in grain production has yet to be tapped. In particular, there exists greater potential in the northern and western regions of the country, where the per capita area of arable land is relatively large and grain output remains at a comparatively low level. The conditions in Gansu are very poor. It has provided useful experience in developing grain production for other agriculturally backward provinces and regions and some inspiration can certainly be drawn from Gansu's experience.

Gansu's experience shows that solid work must be done in order to solve the agricultural issue. Only through solid and hard work can we actually and positively respond to the call by the fifth central plenum for the whole party and the whole nation to concentrate strength to develop agriculture and effectively put all relevant measures into practice.

The importance of agriculture has been stressed for many years. Instructions were issued and plans and measures were formulated every year but the results were still unsatisfactory. The decision adopted by the fifth central plenum once again fully stressed the importance of agriculture and put forward many relevant measures. The most important thing at this moment is to take concrete action and actually put the measures into practice. The most valuable point in Gansu's experience is the spirit of doing solid and hard work. In the past few years, they have taken a series of concrete measures, such as making great efforts to transform farmland and build irrigation works; applying scientific methods and advanced farming techniques to agricultural production; increasing material input; and ensuring that leaders will indeed attach importance to agriculture and all social

forces will be mobilized to support agriculture. All this has been repeatedly stressed by the central authorities and through the propaganda media. These are not in fact something new and original but they are indeed feasible and effective measures that should actually be put into practice through solid work. Only by doing solid work can we succeed in dealing with the agricultural issue. This is a truth beyond any doubt. In the future, if we hope to make real breakthroughs in grain production and agriculture as a whole in the country, then the most important thing we should do is to carry forward the hard-working spirit in doing solid work.

We have set out a clear objective and the most valuable thing we now need is the down-to-earth spirit of doing solid work.

State Commission To Take Charge of Rural Reform

HK1901094990 Hong Kong CHING CHI TAO PAO
in Chinese No 4, 15 Jan 90, p 15, 16

[From "Informed Sources" column; article by You Wei (1429 3634): "Rural Reform Will Be Taken Over by the State Commission for Restructuring the Economic System"]

[Text] After the structural reform began, it was always the CPC Central Committee's Rural Policy Research Office and the State Council's Rural Development Research Center that took charge of rural reform. After the turbulence in Beijing was quelled, the central rural policy research office and the central political structural reform policy research office were simultaneously dissolved. The central rural policy research office and the State Council's rural development research center were just two different signboards for the same work team. Recently, the State Council officially decided to dissolve the State Council's Rural Development Research Center in order to strengthen leadership over agricultural development and rural work and to give full play to the administrative and management functions of various State Council departments and governments at various levels.

It is learned that at a recent important meeting, the principal leader of the State Council explicitly announced that the State Commission for Restructuring the Economic System would take over the functions of making investigations and studies and working out schemes for rural reform.

With the responsibilities for rural reform being shifted to the State Commission for Restructuring Economic System, this institution of the State Council will take charge of both urban and rural reforms. There will be more advantages because economic reform as a whole can be better coordinated and be carried out more effectively.

Qinghai, Tibet To Jointly Develop Garmu Area

HK1201100390 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 11 Jan 90

[Excerpts] Qinghai Province and the Tibet Autonomous Region held a meeting in Garmu on jointly developing the Garmu area on 11 January. [passage omitted]

The Qinghai-Tibet joint development of the Garmu area will include the building of the Garmu Oil Refinery, which will provide all the oil products needed by Tibet after going into operation. The development of the Garmu area will also enable Garmu to become a bridge linking Qinghai with Tibet. [passage omitted]

The meeting held that the development of the Garmu area is of great economic as well as political significance.

Tien Chengping, deputy secretary of the Qinghai Provincial CPC Committee, delivered the opening speech at the opening ceremony. [passage omitted]

Farmers Urged To Grow More Cotton

HK1601004090 Beijing CHINA DAILY in English
16 Jan 90 p 1

[By staff reporter Wang Dongtai]

[Text] A leading official of China's number one exporter—the textile industry—has urged the country's farmers to boost their cotton production this year to meet the increasing needs of the industry.

Vice-Minister Wang Zengjing of the Textile Industry said yesterday that this year "China should produce 4.5 million tons of cotton to meet the industrial demand." The Ministry of Agriculture plans to produce 4.25 to 4.4 million tons of cotton this year.

According to an estimate report released by the Customs, the country's exports of textile products and garments reached \$13 billion last year, which constitutes one fourth of the total commodity export.

Speaking at the national agriculture meeting, the vice-minister said that at present, 70 percent of the fibre resources used by the textile industry are natural fibres. By the year 1995, the total volume of fibre processing will reach eight million tons. Among this total, 2.6 million tons will be synthetic fibre, and 5.4 million tons will be natural fibre.

But in recent years, there has been a shortage of supplies of raw textile materials. To keep textile production running, the industry used 1.5 million tons of cotton from the State's storage in the last two years.

By 1995, the country's textile industry will need 4.8 million tons of cotton and 250,000 tons of wool

Also speaking at the meeting, an official from the Ministry of Economics and Trade said China should import technology to improve the level of China's agriculture.

Between 1979 and 1987, the government approved 80 contracts for agricultural technology imports involving about \$643 million. Among the projects, 18 were for agricultural machinery, another 18 for animal husbandry and agricultural services and 43 projects were for chemical fertilizer and pesticide production.

The official also said that between 1979 and 1988, foreign companies invested \$906 million in 853 agriculture projects in China. The government also launched 27 agricultural projects with foreign loans before the end of 1988. Foreign loans used for agriculture projects reached \$400 million.

Since 1980, China has received \$1.4 billion in foreign aid and about \$164 million was used in 83 agricultural projects.

National Livestock Meeting Ends in Changchun

*SK1101052190 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 10 Jan 90*

[Text] After a 5-day session, the national work conference on animal husbandry concluded in the city of Changchun on 10 January. During the conference, representatives from various localities across the country further studied and mastered the spirit of the 5th Plenary Session of the 13th CPC Central Committee. They also analyzed and summarized the country's situation in animal husbandry and exchanged experiences gained in improving the economic environment, rectifying economic order, deepening reform drive, and developing animal husbandry. They also defined the guiding ideology of animal husbandry for the 3-year period as one that would improve the environment, rectify order and set tasks for animal husbandry production in 1990. They

also defined countermeasures and policies for having animal husbandry achieve sustained, stable, and harmonious development.

The opening ceremony of the national work conference received a congratulatory message from Tian Jiyun, vice premier of the State Council. He extended warm congratulations to the comrades who are working on the animal husbandry forefront, and urged the broad masses of cadres, staff members, and workers on the animal husbandry front throughout the country to earnestly implement the spirit of the 5th Plenary Session of the 13th CPC Central Committee. It is necessary to make sustained efforts, and to actively engage in work so as to strive to have animal husbandry—particularly hog raising—achieve a sustained and stable development, and to make greater contributions to ensuring market supplies, stabilizing the economy, and fostering social peace.

During the work conference, the representatives fully acknowledged the marked achievements scored by our province in animal husbandry in 1989 and visited the provincial animal and poultry general corporation and the Changchun city (?Huachun joint company). Leading personnel concerned from the ministries of agriculture and commerce sponsored discussion and study with experts, professors, and scholars on the relevant issues of animal husbandry.

During the work conference, He Kang, minister of agriculture, and Liu Jiang, vice minister of agriculture, delivered important speeches.

Also attending and addressing the work conference were He Zhukang, secretary of the provincial party committee; Wang Zhongyu, governor of the province; and Hui Liangyu, vice governor of the province.

END OF

FICHE

DATE FILMED

2 Feb. 1990

